



***MONTHLY BUDGET STATEMENT:
S71 MONTHLY REPORT: JANUARY 2024***

To comply with section 71 of the MFMA and the requirements as promulgated in the MBRR Government Gazette No 32141 of 17 April 2009 by submitting the Monthly Budget Statement to the Executive Mayor, National and Provincial Treasury within 10 working days after the end of each month, containing prescribed financial performance particulars for that reporting month and for the financial year up to the end of that month.

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Due date: 14 February 2024

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List of Abbreviations and Acronyms used in the Monthly Budget Statement

AFS – Annual Financial Statements
AGSA - Auditor-General of South Africa
BTO - Budget and Treasury Office
CAPEX – Capital Expenditure
CFO - Chief Financial Officer
COGHSTA - Department of Co-operative Governance, Human Settlement and Traditional Affairs
DBSA - Development Bank of South Africa
DoRA - Division of Revenue Act
DPW – Department of Public Works
DSAC – Department of Sports, Arts and Culture
DWS - Department of Water and Sanitation
ED - Executive Director
EEDG - Energy Efficiency and Demand Side Management Grant
EPWP - Expanded Public Works Programme
FMG – Financial Management Grant
FY – Financial Year
GG – Government Gazette
GRAP - Generally Recognised Accounting Practices
GURP - Galeshewe Urban Renewal Programme
IDP - Integrated Development Plan
INEP - Integrated National Electrification Programme
ISDG - Infrastructure Skills Development Grant
IT - Information Technology
IUDG –Integrated Urban Development Grant
IYM – In-year Monitoring
KPA or KPI - Key Performance Area or Indicator
MBRR - Municipal Budget and Reporting Regulations (GG 32141 of 17 April 2009)
MBS – Monthly Budget Statement
MFMA - Municipal Finance Management Act (Act 56 of 2003)
MIG - Municipal Infrastructure Grant
MM - Municipal Manager
MSA - Municipal Systems Act
MSIG - Municipal Systems Improvement Grant
MTREF - Medium Term Revenue and Expenditure Framework
NDPG - Neighbourhood Development Partnership Grant
NERSA - National Energy Regulator of South Africa (“the Regulator”)
NT - National Treasury
OPEX – Operational Expenditure
O/S - Outstanding
PPE - Property, Plant and Equipment
R&M - Repairs and Maintenance
SALGA - South African Local Government Association
SCM - Supply Chain Management
SCOA – Standard Chart of Accounts
SDBIP - Service Delivery and Budget Implementation Plan
SEDP - Strategic Economic Development and Planning
SLA - Service Level Agreement
SMME - Small, Medium and Micro Enterprises
SPCA - Society For The Prevention Of Cruelty To Animals
SPLM - Sol Plaatje Local Municipality
VAT – Value Added Tax
YTD – Year to date
WRM - Water Resource Management
WRL - Water Research Levy
WSIG – Water Services Infrastructure Grant

PART 1: IN-YEAR REPORT

TO: THE EXECUTIVE MAYOR

DIRECTORATE: FINANCIAL SERVICES: BUDGET & TREASURY OFFICE: MUNICIPAL FINANCE MANAGEMENT ACT (MFMA): SECTION 71: IN-YEAR MONTHLY BUDGET STATEMENT: S71 MONTHLY REPORT FOR THE PERIOD ENDING 31 JANUARY 2024

1. Purpose

The purpose of this report is to comply with section 71 of the MFMA and the requirements as promulgated in the Government Gazette No 32141 of 17 April 2009 by the submission of a monthly budget statement to the Executive Mayor, National and Provincial Treasury containing prescribed financial performance particulars for that reporting month and for the financial year up to the end of that month, as legislated.

The municipality realises, the critical importance of having a minimum 3 month's cash coverage which is a sound directive and required norm from National Treasury. This has been the focus of the municipality for the past few months to ensure that Sol Plaatje Municipality recovers fully to ensure its sustainability and financial viability. Serious actions will have to be taken to realise this target and Council's buy-in be secured, to the turn the municipality around is critically important.

The municipality's main goal is to remain positive and committed in stabilising the municipality, improving its cash position and improving on quality service being rendered. The municipality is facing serious challenges pertaining to the debt owed to Eskom and the Department of Water and Sanitation. And as a show of good faith, the municipality has been paying what it can afford in terms of available cash, however both commitments are one of our top priorities. The municipality's main objective is to keep communication open and maintain an amicable working relationship with both institutions, as formal disputes and litigation can have serious repercussions for the municipality and the community at large. The escalation in debt owed to ESKOM and DWS is a major concern. The three high months billed for electricity is detrimental to the cash flow of the municipality and a mammoth task to settle in full, based on our current collection trend. The municipality settled an amount of R48,000 million on current account excluding interest amounting to R64,311 million on 30 January 2024. The shortfall of R13,246 million was settled on 9 February 2024. Due to the debt agreement with DWS and the Incentive scheme initiated by the Department, the municipality has made significant strides in reducing the arrear debt owed to the Department and settled all invoices raised for the 2022/23 financial year in full. The municipality is working towards being up to date for the current year because the July and November 2023 invoices are unpaid. The municipality managed to settle the December 2023 current account in full on 30 January 2024.

The municipality's Debt Relief application to National Treasury was approved, effective 1 October 2023. The municipality had an engagement with ESKOM on 29 November 2023, to settle the debt accrued after March 2023, amounting to R163 million. A repayment proposal was submitted to ESKOM for approval. It is imperative that the municipality abides with the conditions as non-compliance may have serious repercussions for the municipality and its electricity business. As per MFMA Circular 124, Section 5, articulated below are the consequence for failure to comply with the conditions of the Municipal Debt Relief and related initiatives:

"Municipalities are urged to maintain their behavioral change post the support. If a municipality fails to perform during the duration of the Municipal Debt Relief:

- a. The benefits of the Relief to that municipality will immediately cease;
- b. This means that Eskom will be obliged to implement its credit control and debt management policy on the defaulting municipality and the municipality must immediately start repaying its Eskom arrears, interest and penalties;

- c. Eskom may resume any legal proceedings (relating to the municipality's arrear debt, interest and penalties as of 31 March 2023), including attaching the municipal bank account; and
- d. The normal penalties applicable to the wider local government will also apply.

It is important to note that the work to resolve non-payment by municipalities is progressive and that the National Treasury intends to enforce the existing penalties available in the legislative framework and add additional penalties, including exploring but not limited to –

- A take-over of a defaulting municipality's electricity business;
- NERSA strengthening of license conditions;
- A National Treasury dispute resolution process;
- Strengthening and adding consequences and related consequence management processes as part of the ongoing review of the MFMA, including to facilitate the upfront resolve of budget issues and to instil a payment culture; and
- A wider special mechanism/ ombud system to facilitate organs of state payment and related disputes, including instituting consequences for organs of state failure to pay; etc.

In terms of the National Treasury's local government revenue improvement programme, all municipalities that benefit from the Municipal Debt Relief will continue to receive support towards strengthening their revenue value chains. Municipalities are cautioned that the National Treasury considers the conditions set out in paragraph 6.1 to 6.14 as critical financial management minimum best practice and confirms that if a municipality fails to meet any and/ or a combination of the conditions set out in this Municipal Debt Relief framework, it could (over-and-above the consequences set out in 5.1 above) constitute a serious breach of its financial management fiduciary responsibilities and may also constitute financial misconduct as envisaged in the MFMA and Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014. The National Treasury reserves the right to immediately invoke section 216 of the Constitution and/ or any other remedies available to government in terms of the prevailing legislative framework in such a situation (including instituting individual financial misconduct and/ or criminal proceedings).

Municipalities are reminded of MFMA s.173 to the effect that the accounting officer of a municipality is guilty of an offence if that accounting officer, deliberately or in a gross negligent way contravenes or fails to comply with MFMA s. 65(2)(f). Moreover, MFMA s.174 provides for penalties, to the extent where a person is liable on conviction of an offence in terms of section 173 to imprisonment for a period not exceeding five years or to an appropriate fine determined in terms of applicable legislation."

Currently, the total debtor's book is standing at R3,740,293 billion, of which 90% of the debt is owed in excess of 90 days. Of the total debt, R788 million is owed by government, R649 million by business and R2.2 billion by households. The municipality is urging government, businesses and households to meet their obligation to the municipality or make payment arrangements with the municipality. The cash collection is not at a desired level, and this does not bode well for the municipality's financial position. *There needs to be a major paradigm shift in the payment culture across all customer groups. This can only be achieved when the Credit Control and Debt Collection Policy is strictly, consistently and fairly applied to all customer groups.* Consumers that are not paying for services, must remember that no municipality will remain sustainable and functional if it expected to provide "services for free". And in the same breath, the municipality must employ all measures to ensure that customers receive quality and reliable services. The value of providing these services, should never be underestimated by the municipality as there is a direct correlation between providing quality services and consumers' willingness to pay.

Tough decisions have to be taken to have a meaningful impact and produce positive results. This action is long overdue, especially in light of the municipality's financial crisis and major threat to its

financial viability and sustainability. The municipality also envisage with the implementation of our Revenue Collection Action Plan (“**RCA Plan**”) and the Back-to-Basics initiative, prioritizing the collection of overdue Municipal debt from all our Customer Groups that are in arrears and are able to pay their accounts, but are unwilling to make payment or make a payment arrangement. The Plan further provides for a Credit Control, Indigent Assistance Awareness and Account Payment Campaign. We believe that this campaign will be informative and create an awareness to customers as to the assistance provided by the Municipality in relation to the payment of accounts and the social package offered to indigents (including child headed households). The Municipality will offer its customers payment discounts for accounts settled before the due date and discount incentives to all customers that settle their outstanding accounts in full. The campaign will also educate consumers on the importance of the payment of accounts and the detrimental effect non-payment has on service delivery. The Revenue team also embarked on a Back-to-Basics approach across the full revenue cycle/chain in order to improve on billing, collections and customer care. The municipality also introduced a Special Debt Relief Programme, with special incentives for all customers who want to settle their debt.

In order for the municipality to thrive, overall performance must improve, the quality of services rendered must improve, accountability must be enforced which must be complimented by strict consequence management. Serious consideration should be given to the service delivery and financial implications of all decisions taken. Ensure that acts, regulations and policies are adhered to diligently, consistently and fairly. Enhance revenue collection and ensure that operational and capital funds are spent effectively with good value for money. Improving on preventative maintenance and spending funds cost-effectively and efficiently to address service delivery challenges can no longer be delayed, we have noted an increase in emergency maintenance which seems excessive as no competitive bidding is taking as a result of the impact of asset failure on service delivery. We are striving to ensure assets are maintained at desired levels and are being utilised optimally. The spending of funds will have to be prioritised, wastage be curbed, and overall personnel performance and productivity be monitored and improved. Municipal officials should also take all reasonable steps to prevent unauthorised, irregular and fruitless and wasteful expenditure. Refrain from committing acts of financial misconduct and/or criminal offences as per Chapter 15 of the MFMA.

It is imperative that all municipal officials must have the inherent desire to do their job to the best of their ability, take pride and ownership in their work, take accountability for their job functions, doing the right thing consistently and work as a collective, cohesive team to achieve the municipality’s strategic objectives. Foremost to all of these, have the community’s best interest at heart.

2. Background

Section 71 of the MFMA and in terms of Government Notice 32141 dated 17 April 2009, regarding the “Local Government: Municipal Finance Management Act 2003 and the Municipal Budget and Reporting Regulations” necessitates those specific financial particulars be reported on and in the format prescribed, hence this report to meet legislative compliance. “The monthly budget statement of a municipality must be in the format specified in Schedule C and include all the required Tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act.” Further, Section 71 of the MFMA requires that, “the accounting officer of a municipality must by no later than **10 working days** after the end of each month submit to the Mayor of the municipality, and the relevant national and provincial treasury, a statement in the prescribed format on the state of the municipality’s budget reflecting certain particulars for that month and for the financial year up to the end of that month.” For the reporting period ending **31 January 2024**, the ten working day reporting limit expires on **14 February 2024**. The National Treasury will use only the *mSCOA* data strings required for submission as prescribed and all publications will use the data collected from the *mSCOA* data strings” which must be submitted before or on **14 February 2024**, (ten working day limit).

3. Executive summary

The Statement of Financial Performance shown in Annexure A, Table C4, is prepared on the prescribed monthly C-schedules, detailing Revenue by source and Expenditure by type. The consolidated summary of the financial performance is indicated in Table 1 and Table 2 below:

Summary Statement of Financial Performance: YTD Budget					
Description R thousand	YTD Budget January 2024	YTD Actual January 2024	Variance Favourable (Unfavourable)	% YTD Actual vs YTD Budget	% Variance Favourable (Unfavourable)
Total Revenue (excluding capital transfers and contributions)	1,586,435	1,676,642	90,207	105.7%	5.7%
Total Revenue (including capital transfers and contributions)	1,711,405	1,713,841	2,436	100.1%	0.1%
Total Operational Expenditure	1,569,933	1,507,014	(62,919)	96.0%	-4.0%

Table 1: Consolidated summary: Statement of Financial Performance: YTD Budget

As indicated in Table 1 above, as at 31 January 2024, the billed revenue excluding capital grants amounted to R1,676,642 billion which resulted in a satisfactory variance of 5.7% when compared to the YTD Budget of R1,586,435 billion. The billed revenue including capital grants amounted to R1,713,841 billion, resulting in a satisfactory variance of 0.1% when compared to the YTD budget of R1,711,405 billion. Capital grants are recognised in the Statement of Financial Performance, monthly as soon as the conditions of the grant have been met. Reasons for the variances are articulated in Section 4.1 below. The Total Operational Expenditure amounted to R1,507,014 billion versus the YTD Budget of R1,569,933 billion, resulting in a satisfactory variance of minus 4.0%. Reasons for the variance are articulated in Section 4.2 below.

Summary Statement of Financial Performance: Original Budget					
Description R thousand	Original Budget	YTD Actual January 2024	Variance Favourable (Unfavourable)	% YTD Actual vs Original Budget	% Variance Favourable (Unfavourable) Ideal IYM % - 58.33%
Total Revenue (excluding capital transfers and contributions)	2,719,604	1,676,642	1,450,009	61.7%	3.3%
Total Revenue (including capital transfers and contributions)	2,933,837	1,713,841	1,469,354	58.4%	0.1%
Total Operational Expenditure	2,691,252	1,507,014	1,282,743	56.0%	-2.3%

Table 2: Consolidated summary: Statement of Financial Performance: Original Budget

Indicated in Table 2 above is the YTD actual compared to the Original Budget. When calculating the ideal In-Year-Monitoring percentage of 58.33% [calculated as follow: (100/12 months x 7 months of the year)] as at the end of January 2024, the Total operational revenue excluding capital grants versus the Original Budget resulted in a satisfactory variance of 3.3%. The Total operational revenue including capital grants versus the Original Budget resulted in a satisfactory variance of 0.1%. The Total Operational Expenditure resulted in a satisfactory variance of minus 2.3%.

Please note that certain Revenue by source and Expenditure by type categories are showing excessive negative and/or positive variances. This is due to fact that the YTD budgets were all systematically determined on a straight-line basis by dividing the total budget per category per line item by 12. The capital projections were also done in the same fashion. Please note that variances within a 5 to 10 percent range, as prescribed by National Treasury are acceptable and need not necessarily be explained.

4. Budget performance overview

4.1 Operating Revenue by Source

Table C4 Monthly Budget Statement - Financial Performance (Revenue) - January 2024										
Description	Original Budget	Monthly actual	YearTD actual	YearTD budget	Achieved YTD Budget	YTD variance	YTD variance	Achieved Original Budget	Original Budget Variance	Original Variance IYM % - 58.33%
	R'000	R'000	R'000	R'000	%	R'000	%	%	R'000	%
Revenue										
Exchange Revenue										
Service charges - Electricity	1,034,872	59,836	519,775	603,675	86.1%	(83,900)	-13.9%	50.2%	(83,900)	-8.1%
Service charges - Water	327,114	26,967	171,607	190,816	89.9%	(19,210)	-10.1%	52.5%	(19,210)	-5.9%
Service charges - Waste Water Managem	89,858	8,072	56,156	52,417	107.1%	3,738	7.1%	62.5%	3,738	4.2%
Service charges - Waste management	65,412	6,534	44,692	38,157	117.1%	6,535	17.1%	68.3%	6,535	10.0%
Sale of Goods and Rendering of Services	15,579	2,978	11,874	9,088	130.7%	2,786	30.7%	76.2%	2,786	17.9%
Agency services	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables	168,880	22,136	147,335	98,513	149.6%	48,822	49.6%	87.2%	48,821	28.9%
Interest from Current and Non Current Ass	7,000	1,396	6,124	4,083	150.0%	2,041	50.0%	87.5%	2,041	29.2%
Dividends	-	-	-	-	-	-	-	-	-	-
Rent on Land	-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets	26,930	2,433	16,474	15,709	104.9%	765	4.9%	61.2%	765	2.8%
Licence and permits	1,200	49	414	700	59.2%	(286)	-40.8%	34.5%	(286)	-23.8%
Operational Revenue	3,134	108	2,430	1,828	132.9%	601	32.9%	77.5%	601	19.2%
Non-Exchange Revenue										
Property rates	660,893	45,155	455,744	385,521	118.2%	70,223	18.2%	69.0%	70,223	10.6%
Surcharges and Taxes	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	30,660	331	15,695	17,885	87.8%	(2,190)	-12.2%	51.2%	(2,190)	-7.1%
Licence and permits	6,150	2,030	5,022	3,587	140.0%	1,434	40.0%	81.7%	1,434	23.3%
Transfers and subsidies - Operational	281,921	11	195,448	164,454	118.8%	30,994	18.8%	69.3%	30,994	11.0%
Interest	-	-	-	-	-	-	-	-	-	-
Fuel Levy	-	-	-	-	-	-	-	-	-	-
Operational Revenue	-	4,442	26,784	-	-	26,784	-	-	26,784	-
Gains on disposal of Assets	-	-	1,059	-	-	-	-	-	-	-
Other Gains	-	11	11	-	-	-	-	-	-	-
Discontinued Operations	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	2,719,604	182,490	1,676,642	1,586,435	105.7%	89,136	5.6%	61.7%	90,207	3.3%
Transfers and subsidies - capital	214,233	5,051	37,198	124,969	29.8%	(87,771)	-70.2%	17.4%	(87,771)	-41.0%
Total Revenue (including capital transfers and contributions)	2,933,837	187,540	1,713,841	1,711,405	100.1%	2,436	0.1%	58.4%	2,436	0.1%

Table 3: Table C4 Financial Performance (Revenue)

Comparison against the YTD Budget

Exchange Revenue

- ❖ Service charges - Electricity is showing an unsatisfactory variance of minus 13.9%. Service charges Water is showing an under-recovery of minus 10.1%. It is imperative that the Billing section does a proper investigation to ensure that all properties have functional meters installed and are billed accurately. The same applies to all Service charges., Sanitation and Refuse is showing an over-recovery when compared to the YTD budget.
- ❖ Sale of Goods and Rendering of Services is overstated by 30.7%, as a result of advance receipts on the approval of buildings plan to the tune of R2,833 million. Cemetery and burial fees is also performing well at 70.04% achievement versus the budget, whilst Entrance fees for example Sport grounds and stadiums, community halls and swimming pools are also showing positive results with an overall percentage of 86.32%. Income from the Market is also at 102% against the budget.
- ❖ Interest earned from Receivables is showing a positive variance of 49.6% due to the increase in specifically debt over 90 days, high level of debt over 90 days and the higher interest rate.

- ❖ Interest from Current and Non-current Assets shows a positive variance of 50.0%. The municipality is improving on its cash and investment management and regularly to invest as much as possible of funds not immediately needed for operations. The municipality is also investing capital grants already received. The bulk of the interest earned will be recognised as part of the year-end procedures.
- ❖ Licences and permits is showing a negative variance of 40.8%, as a result of the receipts on Road & Trsp: Operator & Pub Driv Permits being lower than anticipated.
- ❖ Operational Revenue is showing a positive variance of 32.9%, as a result of an over-recovery on Incidental Cash Surpluses and Commission: Transaction Handling Fees.

Non-Exchange Revenue

- ❖ Property Rates is showing a positive YTD variance of 18.2%, due to the annual billing on Property rates.
- ❖ Fines, penalties and forfeits is showing an unsatisfactory variance of 12.1%, due to Fines: Law Enforcement being lower than anticipated.
- ❖ Transfers and subsidies - Operational is showing a positive variance of 18.8% as a result the receipt of the second tranche of the Equitable Share.
- ❖ Operational Revenue YTD actual of R26,784 million against a zero budget., pertains to revenue generated from availability charges billed for services. The budget will be corrected during the Adjustment budget for the year under review.
- ❖ Gains on disposal of assets, predominantly pertains to the sale of land, whilst Other Gains will be investigated.
- ❖ Transfers and subsidies - Capital is showing a negative variance of minus 70.2% when compared to the YTD budget. Capital grants remains lower than anticipated due to poor capital grant expenditure. Serious intervention will have to be taken by management to improve on monthly capital grant expenditure and capital expenditure overall. Capital grants are recognised in the Statement of Financial Performance, on a monthly basis as soon as the conditions of the grant have been met.

Comparison against Original Budget

Based on the IYM percentage of 58.33%, the majority of revenue sources are performing satisfactorily.

Exchange Revenue

- ❖ Service charges against the Original budget is generally showing satisfactory performance, with the exception of Electricity and Water sales.
- ❖ Sale of Goods and Rendering of Services is showing a positive variance of 17.9%. Same factors are applicable as described in the paragraph above.
- ❖ Interest earned from Receivables is showing a positive variance of 28.9%. Same factors are applicable as described in the paragraph above.
- ❖ Interest from Current and Non-current Assets shows a positive variance of 29.2%. Same factors are applicable as described in the paragraph above.
- ❖ Licences and permits is showing an unsatisfactory variance of minus 23.8%. Same factors are applicable as described in the paragraph above.
- ❖ Operational Revenue is showing a satisfactory variance of 19.2%. Same factors are applicable as described in the paragraph above.

Non-Exchange Revenue

- ❖ Property Rates is showing a positive variance of 10.6%, due to the annual billing on Property rates.
- ❖ Fines, penalties and forfeits is showing an unsatisfactory variance of 7.1%. Same factors are applicable as described in the paragraph above.
- ❖ Transfers and subsidies - Operational is showing a positive variance of 11.0% as a result the receipt of the second tranche of the Equitable Share.
- ❖ Operational Revenue is showing movement of R26,784 million against a zero budget. Same factors are applicable as described in the paragraph above.
- ❖ Gains on disposal of assets, predominantly pertains to the sale of land, whilst Other Gains will be investigated.
- ❖ Transfers and subsidies - Capital is showing a negative variance of minus 41.0%. Capital grants remains lower than anticipated due to poor capital grant expenditure. Serious intervention will have to be taken by Management to improve on monthly capital grant expenditure and capital expenditure overall. Capital grants are recognised in the Statement of Financial Performance, on a monthly basis as soon as the conditions of the grant have been met.

Indicated in Chart 1 below is the weighting of the YTD Actual on billed Revenue per Source as a percentage of total operational revenue as at 31 January 2024. The main contributors of the municipality’s revenue are Service Charges (47.3%), Property Rates (27.2%) and Transfers and subsidies (11.7%). The contribution per Revenue source is still slightly distorted, as a result of the annual billing of Property rates and the receipt of the second tranche of the Equitable Share.

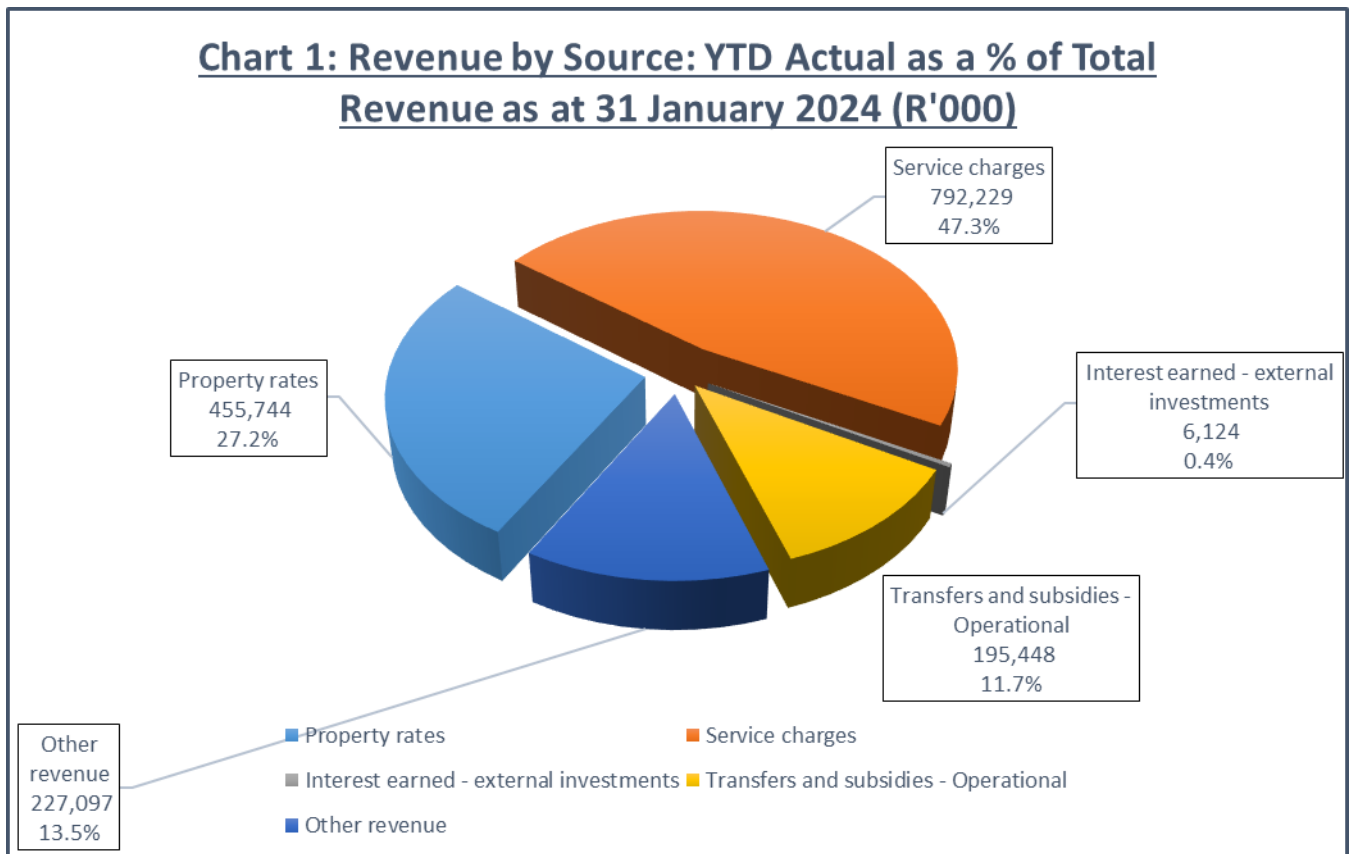


Chart 1: Revenue by Source: YTD Actual as a percentage of Total Revenue

4.2 Operating Expenditure by Type

Description	Original Budget	Monthly actual	YearTD actual	YearTD budget	% Achieved YTD Budget	YTD variance	YTD variance	Achieved Original Budget	Original Budget Variance	Original Variance IYM % - 58.33%
	R'000	R'000	R'000	R'000	%	R'000	%	%	R'000	%
Expenditure By Type										
Employee related costs	881,637	71,357	511,711	514,291	99.5%	(2,580)	-0.5%	58.0%	(2,578)	-0.3%
Remuneration of councillors	35,559	2,801	20,919	20,743	100.8%	176	0.8%	58.8%	176	0.5%
Bulk purchases - electricity	785,000	56,881	477,112	457,917	104.2%	19,195	4.2%	60.8%	19,195	2.4%
Inventory consumed	305,900	29,855	166,409	178,473	93.2%	(12,064)	-6.8%	54.4%	(12,033)	-3.9%
Debt impairment	317,500	-	158,750	185,208	85.7%	(26,458)	-14.3%	50.0%	(26,458)	-8.3%
Depreciation and amortisation	86,650	-	-	50,546	0.0%	(50,546)	-100.0%	0.0%	(50,546)	-58.3%
Interest	19,495	0	10,011	11,372	88.0%	(1,361)	-12.0%	51.4%	(1,361)	-7.0%
Contracted services	48,113	2,132	26,981	28,066	96.1%	(1,085)	-3.9%	56.1%	(1,084)	-2.3%
Transfers and subsidies	4,560	-	2,422	2,660	91.1%	(238)	-8.9%	53.1%	(238)	-5.2%
Irrecoverable debts written off	-	1	1	-		1			1	
Operational costs	145,639	13,807	104,814	84,958	123.4%	19,856	23.4%	72.0%	19,858	13.6%
Losses on Disposal of Assets	-	-	-	-		-			-	
Other Losses	61,200	11	27,885	35,700	78.1%	(7,816)	-21.9%	45.6%	(7,815)	-12.8%
Total Expenditure	2,691,252	176,845	1,507,014	1,569,933	96.0%	(62,919)	-4.0%	56.0%	(62,883)	-2.3%

Table 4: Table C4 Financial Performance (Expenditure)

Comparison against YTD Budget

As indicated in the Table 4 above, as at 31 January 2024 current YTD expenditure shows a satisfactory variance of minus 4.0%. The YTD actual amounted to R1,507,014 billion against the YTD Budget of R1,569,933 billion.

- ❖ Employee related costs shows a satisfactory variance of minus 0.5%. Post-retirement benefit obligations are not factored in and will only be finalised as part of year-end procedures.
- ❖ Remuneration of councillors is showing a satisfactory variance of 0.8%.
- ❖ Bulk purchases – Electricity is showing a satisfactory variance of 4.2%. It should be noted that currently Interest on overdue accounts is included in this line item, but it will be corrected during the Adjustments budget in February 2024.
- ❖ The expenditure on Inventory consumed is showing a satisfactory variance of minus 6.8%. Expenditure for the first month of the year is normally low, due later re-opening of the financial year after year-end closure. Various commitments are raised on the system, awaiting delivery of goods and services. It has been reiterated monthly that expenditure on Inventory consumed needs to be monitored closely and remedial action be taken to ensure that funds are spent effectively with good value for money and that funds will be fully spent at year-end. The major backlog and deterioration of infrastructure and high-level of crisis management is negatively influencing this expenditure line items and sound financial management of budgets is not adequately exercised. Deviations and re-directing of funds to manage crises is severely and rapidly depleting the R&M budget, impeding on the funds required for day-to-day maintenance. Lack of maintenance plans and planned maintenance is impeding on the municipality's ability to maintain assets optimally. There are limited resources available with severe budgetary constraints with the current cash flow position putting major strain on the municipality's finances to actually address service delivery challenges. The municipality is obligated to ensure that tariffs are cost-reflective whilst ensuring that tariff increases are inflationary related as prescribed by NT's annual MFMA Budget circulars. This is a major impediment for the municipality to increase the R&M budget to a desired level to actually address backlogs, whilst employee costs, provision for bad debts and other expenditure is putting further strain on the budgets each year.

R&M Expenditure per Directorate per Inventory type as at 31 January 2024 (Amounts in Rand)	Sum of Original Budget	Sum of Adjustment Budget	Sum of Monthly Actual	Sum of YTD Actual	Sum of % Spent Original	Sum of % Spent Adj budget	% Spent compared against ideal IYM % of 50.00%
VOTE 1 - COUNCILLORS AND ADMIN	286,000	286,000	-	83,959	29.36%	29.36%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	118,000	124,000	-	38,995	33.05%	31.45%	UNSATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	2,000	2,000	-	-	0.00%	0.00%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	166,000	160,000	-	44,964	27.09%	28.10%	UNSATISFACTORY
VOTE 2 - MUNICIPAL AND GENERAL	30,576,000	30,576,000	4,505,047	19,879,996	65.02%	65.02%	OVERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	670,000	670,000	21,931	171,698	25.63%	25.63%	UNSATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	250,000	244,000	24,215	128,460	51.38%	52.65%	UNSATISFACTORY
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	-	6,000	-	5,102	#DIV/0!	85.03%	OVERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	29,656,000	29,656,000	4,458,901	19,574,736	66.01%	66.01%	OVERSPENT
VOTE 3 - MUNICIPAL MANAGER	138,000	138,000	12,065	83,341	60.39%	60.39%	SATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	120,000	122,000	12,065	71,670	59.73%	58.75%	SATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	18,000	16,000	-	11,671	64.84%	72.94%	OVERSPENT
VOTE 4 - CORPORATE SERVICES	10,645,730	10,645,730	161,049	1,290,489	12.12%	12.12%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	867,000	885,000	31,076	522,807	60.30%	59.07%	SATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	260,000	210,000	42,617	178,770	68.76%	85.13%	OVERSPENT
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	340,730	410,730	63,556	393,730	115.55%	95.86%	OVERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	9,178,000	9,140,000	23,800	195,182	2.13%	2.14%	UNSATISFACTORY
VOTE 5 - COMMUNITY SERVICES	34,528,500	34,528,500	1,911,741	14,635,472	42.39%	42.39%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	1,008,500	1,069,300	34,920	476,407	47.24%	44.55%	UNSATISFACTORY
2320602 (INV-CONSUMABLE-SR/FIRST AID)	58,000	58,000	-	1,555	2.68%	2.68%	UNSATISFACTORY
2320603 (INV-CONSUMABLE-SR/PUR CHEMICALS)	195,000	195,000	16,008	156,057	80.03%	80.03%	OVERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	965,000	970,000	109,282	531,499	55.08%	54.79%	SATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	7,457,000	8,285,000	687,164	4,833,425	64.82%	58.34%	SATISFACTORY
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	953,000	298,000	47,004	175,321	18.40%	58.83%	SATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	23,892,000	23,653,200	1,017,363	8,461,208	35.41%	35.77%	UNSATISFACTORY
VOTE 6 - FINANCIAL SERVICES	2,399,000	2,399,000	85,687	1,050,044	43.77%	43.77%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	1,270,000	1,120,000	47,644	643,684	50.68%	57.47%	SATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	159,000	164,000	23,142	91,100	57.30%	55.55%	SATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	172,000	172,000	7,794	84,894	49.36%	49.36%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	798,000	943,000	7,107	230,366	28.87%	24.43%	UNSATISFACTORY
VOTE 7 - STRATEGY & ECONOMIC DEVELOPMENT	6,430,000	6,430,000	402,417	3,266,476	50.80%	50.80%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	464,000	456,000	27,096	96,684	20.84%	21.20%	UNSATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	61,000	64,000	949	29,625	48.57%	46.29%	UNSATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	362,000	292,000	26,935	188,890	52.18%	64.69%	OVERSPENT
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	6,000	86,000	365	5,835	97.25%	6.78%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	5,537,000	5,532,000	347,073	2,945,442	53.20%	53.24%	UNSATISFACTORY
VOTE 8 - INFRASTRUCTURE SERVICES	220,896,654	221,076,654	22,776,859	126,118,883	57.09%	57.05%	SATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	677,000	692,000	23,427	283,007	41.80%	40.90%	UNSATISFACTORY
2320602 (INV-CONSUMABLE-SR/FIRST AID)	2,000	2,000	-	-	0.00%	0.00%	UNSATISFACTORY
2320603 (INV-CONSUMABLE-SR/PUR CHEMICALS)	13,660,000	13,660,000	3,164,667	9,474,726	69.36%	69.36%	OVERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	721,000	745,000	37,852	613,127	85.04%	82.30%	OVERSPENT
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	6,650,000	6,650,000	907,361	5,437,166	81.76%	81.76%	OVERSPENT
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	360,000	410,000	43,700	313,032	86.95%	76.35%	OVERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	137,626,654	137,717,654	11,693,059	60,358,897	43.86%	43.83%	UNSATISFACTORY
2326600 (INVENTORY - WATER)	61,200,000	61,200,000	6,906,794	49,638,927	81.11%	81.11%	OVERSPENT
Grand Total	305,899,884	306,079,884	29,854,866	166,408,661	54.40%	54.37%	SATISFACTORY

Table 4.1 R&M Expenditure per Directorate per inventory type

R&M Expenditure per Service per Inventory Type as at 31 January 2024 (Amounts in Rand)	Sum of Original Budget	Sum of Adjustment Budget	Sum of Monthly Actual	Sum of YTD Actual	Sum of % Spent Original Budget	Sum of % Spent Adj Budget	% Spent compared against ideal IYM % of 50.00%
2480 - REFUSE	20,731,000	20,731,000	1,119,132	8,155,949	39.34%	39.34%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	71,000	71,000	-	36,164	50.94%	50.94%	UNSATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	210,000	210,000	-	13,640	6.50%	6.50%	UNSATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	5,000,000	5,750,000	561,811	3,464,981	69.30%	60.26%	SATISFACTORY
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	750,000	-	-	-	0.00%	#DIV/0!	#DIV/0!
2323600 (INVENTORY - MATERIALS & SUPPLIES)	14,700,000	14,700,000	557,321	4,641,164	31.57%	31.57%	UNSATISFACTORY
2830 - ROADS	46,038,000	46,038,000	5,502,003	20,088,198	43.63%	43.63%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	50,000	60,000	5,111	33,886	67.77%	56.48%	SATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	54,000	44,000	3,640	18,924	35.04%	43.01%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	45,934,000	45,934,000	5,493,252	20,035,388	43.62%	43.62%	UNSATISFACTORY
2840 - HOUSING	3,497,000	3,497,000	200,982	1,409,285	40.30%	40.30%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	98,000	128,000	8,373	83,306	85.01%	65.08%	OVERSPENT
2320602 (INV-CONSUMABLE-SR/FIRST AID)	1,000	1,000	-	-	0.00%	0.00%	UNSATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	125,000	125,000	2,307	123,719	98.98%	98.98%	OVERSPENT
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	150,000	150,000	6,709	48,696	32.46%	32.46%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	3,123,000	3,093,000	183,593	1,153,564	36.94%	37.30%	UNSATISFACTORY
2850 - SEWERAGE	20,739,000	20,739,000	1,929,488	10,642,189	51.31%	51.31%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	45,000	45,000	3,435	13,000	28.89%	28.89%	UNSATISFACTORY
2320603 (INV-CONSUMABLE-SR/PUR CHEMICALS)	150,000	150,000	18,307	73,824	49.22%	49.22%	UNSATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	239,000	248,000	10,594	236,410	98.92%	95.33%	OVERSPENT
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	1,700,000	1,700,000	297,454	1,606,481	94.50%	94.50%	OVERSPENT
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	100,000	100,000	5,930	59,330	59.33%	59.33%	SATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	18,505,000	18,496,000	1,593,768	8,653,146	46.76%	46.78%	UNSATISFACTORY
2860 - WATER	105,314,000	105,494,000	11,776,455	78,666,730	74.70%	74.57%	OVERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	95,000	80,000	3,201	39,702	41.79%	49.63%	UNSATISFACTORY
2320603 (INV-CONSUMABLE-SR/PUR CHEMICALS)	13,510,000	13,510,000	3,146,360	9,400,902	69.58%	69.58%	OVERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	105,000	120,000	7,284	97,893	93.23%	81.58%	OVERSPENT
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	1,600,000	1,600,000	196,509	1,319,797	82.49%	82.49%	OVERSPENT
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	260,000	310,000	37,770	253,702	97.58%	81.84%	OVERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	28,544,000	28,674,000	1,478,538	17,915,806	62.77%	62.48%	SATISFACTORY
2326600 (INVENTORY - WATER)	61,200,000	61,200,000	6,906,794	49,638,927	81.11%	81.11%	OVERSPENT
2880 - ELECTRICITY	49,461,000	49,461,000	3,325,963	15,256,105	30.84%	30.84%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	194,000	184,000	2,021	62,336	32.13%	33.88%	UNSATISFACTORY
2320602 (INV-CONSUMABLE-SR/FIRST AID)	1,000	1,000	-	-	0.00%	0.00%	UNSATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	71,000	81,000	3,452	69,677	98.14%	86.02%	OVERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	49,195,000	49,195,000	3,320,490	15,124,092	30.74%	30.74%	UNSATISFACTORY
Grand Total	245,780,000	245,960,000	23,854,024	134,218,457	54.61%	54.57%	SATISFACTORY

Table 4.2 R&M Expenditure per Service per inventory type

- ❖ Debt impairment will be provided for on a quarterly basis and the journal for the third quarter will be processed during February 2024.
- ❖ Depreciation was projected for on a straight-line basis but is only be provided for, as part of year-end procedures. The municipality is currently engaging our service provider to make use of the available Asset module on the financial system. A demonstration is being scheduled by our service provider. This is something that will be resolved as soon as possible based on the strict recommendation from National Treasury during the 2023/24 Mid-year Engagement.
- ❖ Interest is showing an unsatisfactory variance of minus 12.0%. However, it should be noted that Interest on External borrowing is paid bi-annually and the first instalment for the current financial year was paid during December 2023. The interest on overdue accounts for the ESKOM bulk account is being captured on the system under Bulk purchases electricity, as there is no provision for Interest on overdue accounts. This is attributable to the fact that the municipality could not factor this cost into the electricity tariffs and expect the community to fund this and secondly, the municipality intended to apply for the municipal debt relief. This shortfall will be addressed during the Adjustment budget and corrective journals will be processed. Minor interest charges on overdue accounts was handled through a budget virement on the system, until it can be corrected during the Adjustment budget. A formal communique must be distributed to warn users on the late submission of payments which is incurring unnecessary charges and which they may be held liable for in future. All Interest paid on overdue accounts must be recognized as Fruitless and Wasteful expenditure in the Annual Financial Statements.
- ❖ Expenditure on Contracted services is showing a satisfactory variance of minus 3.9%.
- ❖ Transfers and subsidies showing negative variance of minus 8.9%, due to Other grants showing minimal movement due to cash flow constraints.
- ❖ Operational cost is showing an unsatisfactory variance of 23.4% as a result of the following line items under Operational Cost (OC)
 - The municipality is offering a 10% discount on the early settlement of a consumer's municipal bill. This discount is reflected as an expense under OC: Cash Discount of

R23,086 million with a zero budget, but these costs will be transferred and debited against Revenue at year-end because it is considered Revenue foregone. The prorata split is done manually between Property rates and service charges, excluding Electricity Revenue because the system cannot handle the automated split per Revenue source. This will be discussed again with our service provider.

- Costs incurred of R4,239 million on OC: Ext Com Serv Prov - S/Ware Licences, for predominantly annual software license fees.
 - Cost incurred of R9,471 million on OC: Professional Bodies M/Ship & Subs, for predominantly annual SALGA membership fees.
 - OC: Audit Cost: External incurred of R7,490 million.
- ❖ Other Losses is showing a variance of minus 21.9%. Bulk purchases Water is treated in line with GRAP 12. The invoices are captured on the balance sheet under Water: Input Vol: Bulk Purchases and then journalized to the Income Statement and is simultaneously split between Water Inventory and Water losses. The corrective journal to recognise Water inventory and losses portion for the actuals of December 2023 and January 2024 must still be processed on the system.

Operating Expenditure by Type: Comparison against Original Budget

Indicated in Table 4 above, is the YTD actual compared to the Original Budget. The ideal In-Year-Monitoring percentage as at the end of January 2024 is 58.33%. The total operational expenditure against the Original budget is 56.0% spent, resulting in a satisfactory variance of minus 2.3%.

- ❖ Employee related costs shows a satisfactory variance of minus 0.3%. Same factors are applicable as explained above.
- ❖ Remuneration of councillors is showing a satisfactory variance of 0.5%. Same factors are applicable as explained above.
- ❖ Bulk purchases – Electricity is showing a satisfactory variance of 2.4%. Same factors are applicable as explained above.
- ❖ The expenditure on Inventory consumed is showing a satisfactory variance of minus 3.9%. Same factors are applicable as explained above.
- ❖ Debt impairment is showing a satisfactory variance of close to 8.3%. Debt impairment will be provided for on a quarterly basis and the journal for the third quarter was processed during February 2024.
- ❖ Depreciation was projected for on a straight-line basis but will only be provided for, as part of year-end procedures. Same factors are applicable as explained above.
- ❖ Interest is showing a unsatisfactory variance of 7.0%. Same factors are applicable as explained above.
- ❖ Expenditure on Contracted services is satisfactory at minus 2.3%, when compared to the Original budget.
- ❖ Transfers and subsidies show a satisfactory variance of minus 5.2%. Same factors are applicable as explained above.
- ❖ Operational cost is showing an unsatisfactory variance of 13.6%. Same factors are applicable as explained above.
- ❖ Other Losses is showing a satisfactory variance of minus 12.8%. Same factors are applicable as explained above.

Chart 2: Expenditure by Type : YTD Actual as a % of Total Expenditure as at 31 January 2024 (R'000)

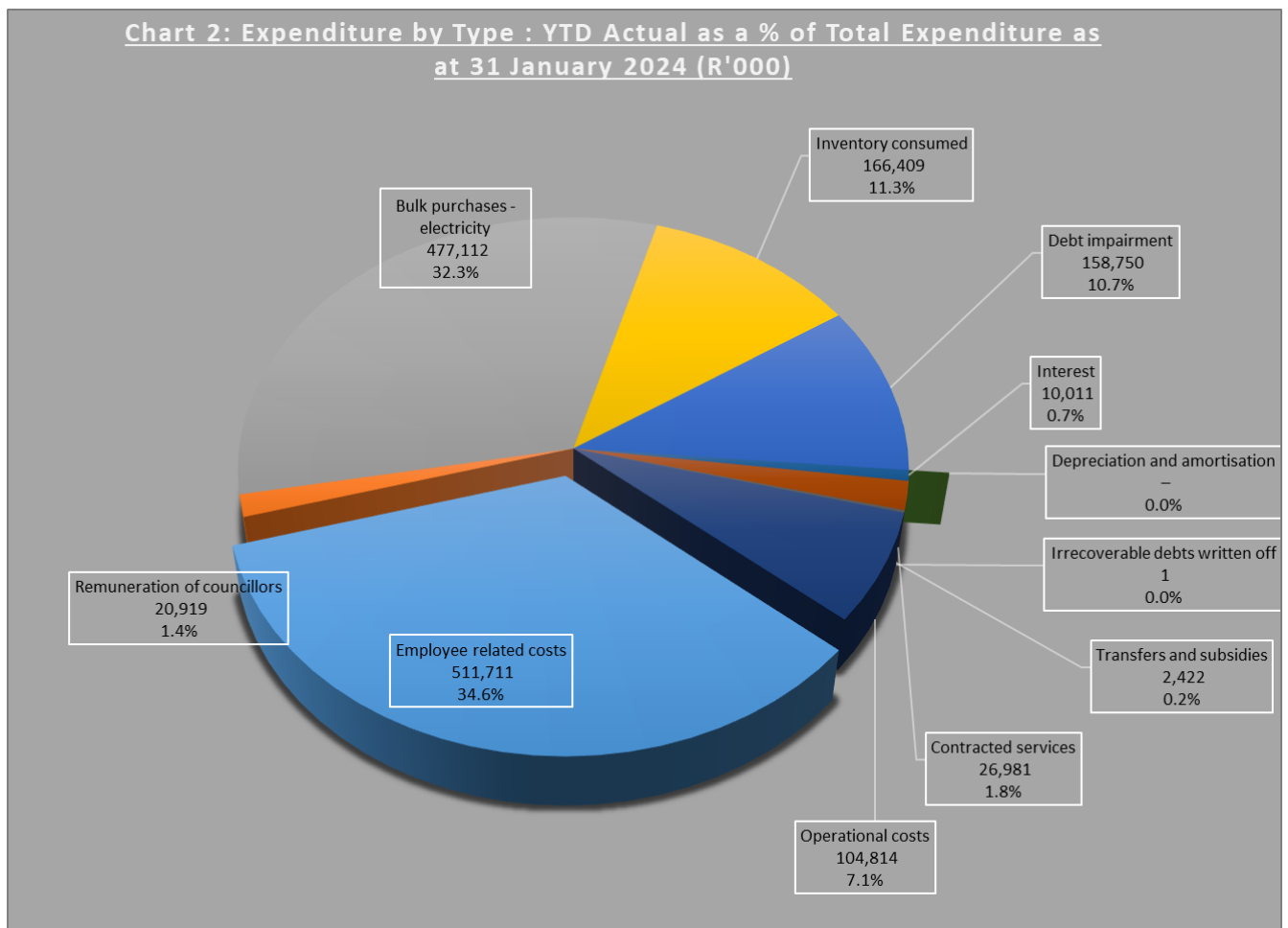


Chart 2: Expenditure by Type: YTD Actual as a percentage of Total Expenditure

Also indicated in Chart 2 above is the weighting of the YTD Actual on Expenditure by Type as a percentage of total operational expenditure as at 31 January 2024. The main cost drivers of the municipality are Employee Related Costs (34.6), Bulk Purchases – Electricity (32.3%) and Debt Impairment (10.7%) and Inventory consumed (11.3%).

It should be noted that the weighting per Expenditure type is satisfactory. percentages are slightly distorted as a result of the following:

- ❖ Employee costs, the Post-retirement benefit obligations under Employee related costs will be finalized as part of the year-end procedures.
- ❖ Depreciation is not provided for and will only be finalized at year-end.
- ❖ Interest on the long-term borrowing is paid bi-annually in December and June of each year.

Bulk Purchases: Electricity, Water inventory and Water losses

❖ Indicated in Table 5.1 below, is the YTD expenditure on Bulk Purchases: Electricity. When compared to the IYM percentage of 58.33% as at end of January 2024, Bulk Purchases Electricity is showing a satisfactory variance of 2.45%. It should be noted that for the interim interest on overdue accounts is included under this line item, until it can be corrected during the Adjustment budget.

Description	Original Budget	Monthly Actual	YTD Actual	% Spent Original Budget	% Variance Favourable (Unfavourable) Ideal IYM % - 58.33%
BULK PURCHASES: ELECTRICITY	785,000,000	56,881,318	477,111,678	60.78%	2.45%
Total	785,000,000	56,881,318	477,111,678	60.78%	2.45%

Table 5.1: Summary of YTD Bulk Electricity expenditure

- ❖ Indicated in Table 5.2 below, is the Water inventory and Water losses which is showing a satisfactory variance of 5.0%, when compared to the ideal percentage of 58.33%. During the Adjustment budget for 2021/22 and advised by NT, Bulk purchases Water was split between Inventory Water and Water losses in the Statement of Financial Performance aligned to GRAP 12. A corrective journal for the actuals pertaining to Water inventory and losses was processed on the system. The actuals are overstated as a result of the water consumption factored in automatically from the billing side. The actual split between water inventory and losses will have to be corrected accordingly, so that aligns to the actual bulk water purchased.

Description	Original Budget	Monthly Actual	YTD Actual	% Spent Original Budget	% Variance Favourable (Unfavourable) Ideal IYM % - 58.33%
INVENTORY - WATER	61,200,000	6,906,794	49,638,927	81.1%	22.8%
NON-REVENUE WATER LOSSES	61,200,000	-	27,873,202	45.5%	-12.8%
Total	122,400,000	6,906,794	77,512,129	63.3%	5.0%

Table 5.2: Summary of YTD Bulk Water expenditure

Outstanding debt: ESKOM and DWS

ESKOM - Outstanding debt (R'000)	Sum of Invoice amount	Sum of Payments (2023/24)	Sum of Interest written-off	Sum of Outstanding Balance	Sum of Arrear Debt	Sum of Interest Charges 2023/24
2021/22	523,811	-		523,811	523,811	-
Oct-21	51,028	-		51,028	51,028	-
Nov-21	50,813	-		50,813	50,813	-
Dec-21	51,379	-		51,379	51,379	-
Jan-22	53,401	-		53,401	53,401	-
Feb-22	51,445	-		51,445	51,445	-
Mar-22	54,652	-		54,652	54,652	-
Apr-22	51,835	-		51,835	51,835	-
May-22	57,826	-		57,826	57,826	-
Jun-22	101,431	-		101,431	101,431	-
2022/23	389,602	103,242	(37,482)	248,878	248,878	-
Dec-22	48,088	-		48,088	48,088	-
Jan-23	59,491	-		59,491	59,491	-
Feb-23	56,821	-	(9,504)	47,317	47,317	-
Apr-23	45,106	-	(7,923)	37,183	37,183	-
May-23	65,831	-	(9,033)	56,798	56,798	-
Jun-23	114,264	103,242	(11,022)	-	-	-
2023/24	602,990	336,288	(43,756)	222,945	157,210	57,745
Jul-23	131,032	63,262	(8,736)	59,034	59,034	8,736
Aug-23	123,594	70,000	(10,784)	42,810	42,810	10,784
Sep-23	71,421	30,000	(10,598)	30,823	30,823	10,598
Oct-23	76,317	62,679	(13,638)	-	-	13,638
Nov-23	70,580	62,348	-	8,232	8,232	8,232
Dec-23	64,311	48,000	-	16,311	16,311	3,065
Jan-24	65,735	-	-	65,735	-	2,691
Grand Total	1,516,402	439,530	(81,239)	995,634	929,899	57,745

Table 6.1: Summary of outstanding ESKOM debt

Indicated in Table 6.1 above, is the total outstanding debt owed to ESKOM amounting to R995,634 million. It should be noted that R81,239 million interest charges were reversed, for interest charges from March 2023 to October 2023, as part of the municipal debt relief programme. For the month of January 2024, the municipality managed to settle R48,000 million on the December 2023 account, whilst the balance of R13,246 million was settled on 9 February 2024. The amounts paid excludes interest charges of R3,065 million that is unpaid, in line with the MFMA Circular 124, the

municipality must settle billed charges including VAT. The current account amounts to R65,735 million. The total arrear debt amounts to R929,899 million summarized as follow 2021/22 (R523,811m), 2022/23 (R248,878m) and 2023/24 (R157,210m). The total interest charged on overdue accounts from July to January 2024 amounts to R57,746 million which must be disclosed as Fruitless and Wasteful Expenditure for the year under review. The interest charges that were reversed for the 2023/24 financial year amounts to R43,756 million.

The total billed amount for the 2023/24 financial year amounts to R602,990 million. Total payments for the 2023/24 financial year amounts to R439,530 million of which R103,242 million relates to 2022/23 financial year and R336,288 million was paid for invoices for 2023/24 financial year. The current arrangement with ESKOM is that the municipality must at least settle the monthly current account. There was no formal payment arrangement in place for 2022/23 financial year and the payment arrangement for the debt incurred after March 2023 must be concluded for 2023/24 financial year. The municipality is struggling to meet the monthly current account but pays what is available from a cash perspective and going forward will endeavour to pay over actual receipts from Electricity sales for the same period. The municipality especially struggles during the high months, when the ESKOM bill is double that of the low months.

DWS - Outstanding debt (R'000)	Sum of Invoice amount	Sum of Payments (2023/24)	Sum of Outstanding Balance	Sum of Arrear Debt
2021/22	126,431	60,667	65,764	65,764
INTEREST (APR-JUN 2022)	6,191	-	6,191	6,191
Aug-21	15,075	15,075	-	-
Sep-21	15,795	15,795	-	-
Oct-21	15,275	15,275	-	-
Nov-21	14,523	14,523	-	-
Dec-21	11,108	-	11,108	11,108
Jan-22	17,098	-	17,098	17,098
Feb-22	16,437	-	16,437	16,437
Mar-22	14,930	-	14,930	14,930
2022/23	82	82	-	-
WRM LEVIES JUN 2023	82	82	-	-
2023/24	108,840	63,133	45,706	32,373
Jul-23	15,303	-	15,303	15,303
Aug-23	13,588	13,588	-	-
Sep-23	18,332	18,332	-	-
Oct-23	17,633	17,633	-	-
WRM LEVIES JUL 2023	82	82	-	-
WRM LEVIES AUG 2023	82	82	-	-
WRM LEVIES SEP 2023	82	82	-	-
Nov-23	17,070	-	17,070	17,070
Dec-23	13,333	13,333	-	-
Jan-24	13,333	-	13,333	-
Grand Total	235,353	123,883	111,470	98,138

Table 6.2: Summary of outstanding DWS debt

Indicated in Table 6.2 above, is the total outstanding debt owed to DWS which amounts to R111,470 million. It should be noted that the debt owed to DWS is understated by approximately R8 million, as a result of challenges experienced in the submission of the actual readings for December 2023 and January 2024 to the Department. The readings must still be finalized by the Water section. The Department billed the municipality on the registered consumption for both months. The total current water account for January 2024 amounts to R13,333 million. The total

arrear debt amounts to R98,138 million which pertains to outstanding invoices for 2021/22 financial year (R65,764m). All the invoices for the 2022/23 financial year, has been settled in full and for the 2023/24 financial an amount of R32,373m) is still unpaid.

The municipality opted to partake in the Department's Debt Incentive Scheme which constitutes of the following conditions:

- Settling 10% of the arrear debt (municipality complied)
- Settling the current account each month (municipality complied since inception of Incentive scheme but has defaulted on some months. All invoices for 2022/23 financial year have been settled in full. The municipality defaulted for July, September, October and November 2023. The September and October 2023 invoices were settled, however the biggest concern for the municipality is to settle the outstanding invoices for July and November 2023 as a matter of urgency.
- Settling the monthly debt instalment (municipality complied, but defaulted for January 2024, due to insufficient cash available from operations).
- Repayment of debt over 12 months (municipality requested 24-month repayment period, which was approved by the Department)
- Also included in the Incentive scheme, is the writing-off of all accrued interest and suppression of interest going forward, hence no interest was charged for the prior and current financial year. The repayment proposal was approved by the Department.

Chart 2.1: Monthly payments: DWS & ESKOM: 2022/23 and 2023/24

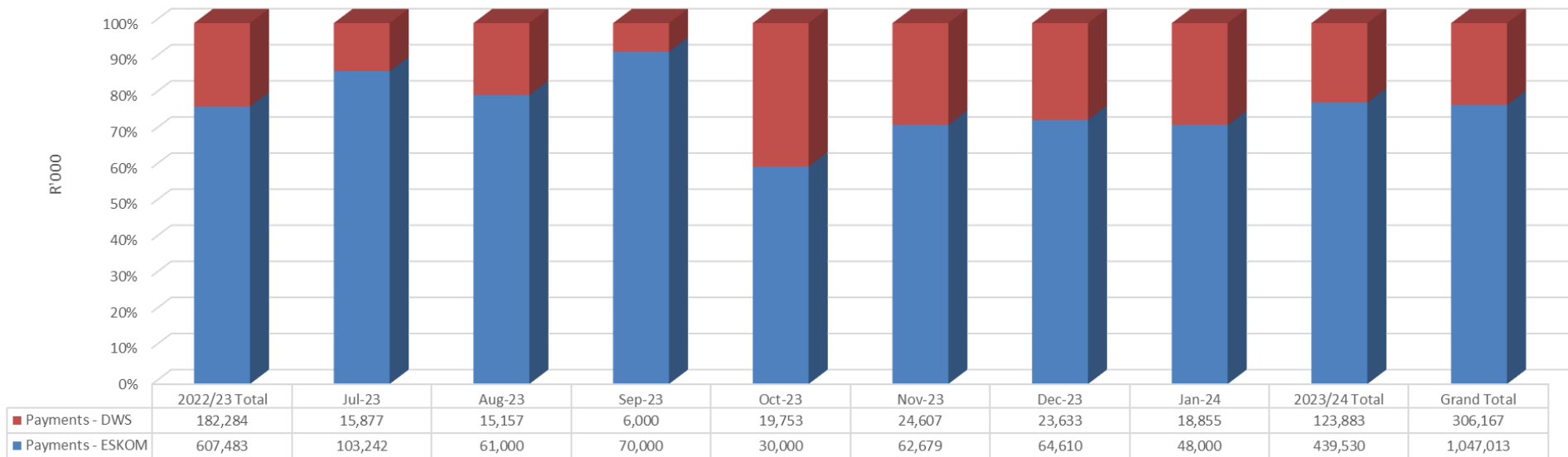


Chart 2.1: Monthly payments to DWS & ESKOM

Indicated in Chart 2.1 above, are the monthly payments made to DWS and ESKOM for 2022/23 and 2023/24 fin year as at 31 January 2024.

The total amount paid to DWS for January 2024 amounted to R18,855 million. The municipality had insufficient cash available to settle the July and November 2023 accounts in full. Payments for 2022/23 amounts to R182,284 million and payments for 2023/24 amounts to R123,883 million. The total payments amount to R306,167 million.

For the month of January 2024, the municipality settled an amount of R48,000 million. The total payments made for the 2022/23 financial year amounts to R607,483 million and for 2023/24 financial year the payments amount to R439,530 million, resulting in the total payments for both periods amounting to R1,047,013 billion.

FIN YEAR PER PAYMENT DATE	Sum of VOTE AMOUNT
2022/23	R 607,483,087.93
2023/24	R 439,529,979.33
20230801	R 103,241,512.23
20230830	R 61,000,000.00
20230928	R 35,000,000.00
20230929	R 35,000,000.00
20231031	R 30,000,000.00
20231130	R 62,678,528.38
20231220	R 2,262,000.00
20231228	R 62,347,938.72
20240130	R 48,000,000.00
Grand Total ESKOM	R 1,047,013,067.26

FIN YEAR PER PAYMENT DATE	Sum of VOTE AMOUNT
2022/23	R 182,284,059.00
2023/24	R 123,882,940.38
20230727	R 82,471.24
20230712	R 15,794,682.80
20230804	R 15,074,754.70
20230830	R 82,471.24
20230914	R 6,000,000.00
20231003	R 13,588,064.81
20231005	R 82,471.24
20231027	R 82,471.24
20231018	R 6,000,000.00
20231106	R 6,275,086.61
20231114	R 18,331,770.78
20231208	R 6,000,000.00
20231212	R 17,633,270.36
20240105	R 5,522,530.48
20240130	R 13,332,894.88
Grand Total DWS	R 306,166,999.38

Table 6.3: Summary of payments per payment date

Indicated in tables 6.3 above, are the payments to ESKOM and DWS per financial year and per payment date, which corresponds to Chart 2.1 above. On 30 January 2024, the municipality settled an amount of R48,000 million to ESKOM for the December 2023 account. On 5 January 2024 the municipality settled an amount of R5,523 million to DWS, as part of the debt repayment instalment and on 30 January 2024 settled an amount of R13,333 million on the December 2023 water account.

Chart 2.2: Monthly & YTD comparison of Bulk Electricity and Water debt - Jun 2023 to Jan 2024

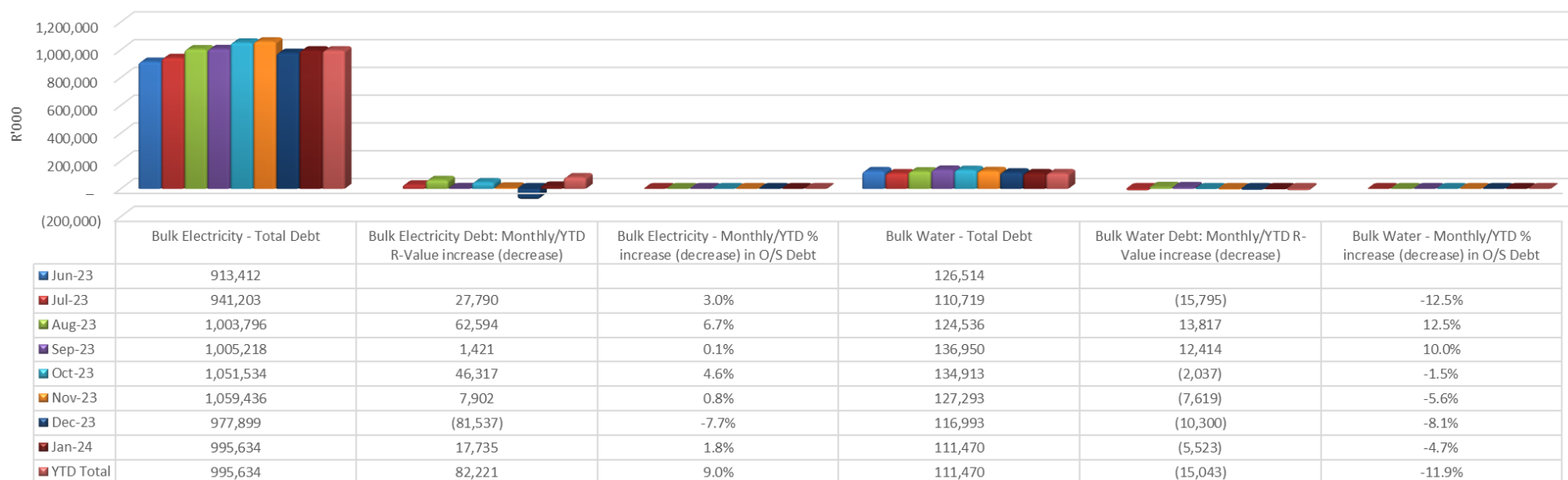


Chart 2.2: Monthly & YTD comparison – Bulk Electricity & Water debt

Indicated in Chart 2.1 above, is the monthly and YTD comparison of Bulk electricity and Water debt.

ESKOM - From December 2023 to January 2024, debt owed to ESKOM increased by R17,735 million or 1.8%, from R977,899 billion to R995,634 million. When comparing the total outstanding debt to June 2023, the outstanding debt increased by R82,221 million or 9.0%, from R913,412 million to R995,634 million.

DWS - From December 2023 to January 2024, debt owed to DWS decreased by R5,523 million or 4.7%, from R116,993 million to R111,470 million. When comparing the total outstanding debt to June 2023, the outstanding debt decreased by R15,043 million or 11.9% from R126,514 million to R111,470 million.

4.3 Capital expenditure

NC091 Sol Plaatje - Table C5 Monthly Budget Statement - Capital Expenditure - January 2024										
Capital expenditure	Original Budget	Monthly actual	YearTD actual	YearTD budget	% Achieved YTD Budget	YTD variance	YTD variance %	Achieved Original Budget	Original Budget Variance	Original Variance IYM % - 58.33%
	R'000	R'000	R'000	R'000	%	R'000	%	%	R'000	%
Capital expenditure	249,473	5,361	44,304	145,526	30.44%	(101,222)	-69.6%	17.8%	(101,222)	-40.6%
Funded by										
Capital transfers recognised	214,233	5,269	39,159	124,969	31.33%	(85,811)	-68.7%	18.3%	(85,811)	-40.1%
Internally generated funds	35,240	93	5,146	20,557	25.0%	(15,411)	-75.0%	14.6%	(15,411)	-43.7%
Weighting Capital transfer recognised	85.9%	98.3%	88.4%	85.9%						
Weighting Internally generated funds	14.1%	1.7%	11.6%	14.1%						

Table 7: High level summary: Capital Expenditure

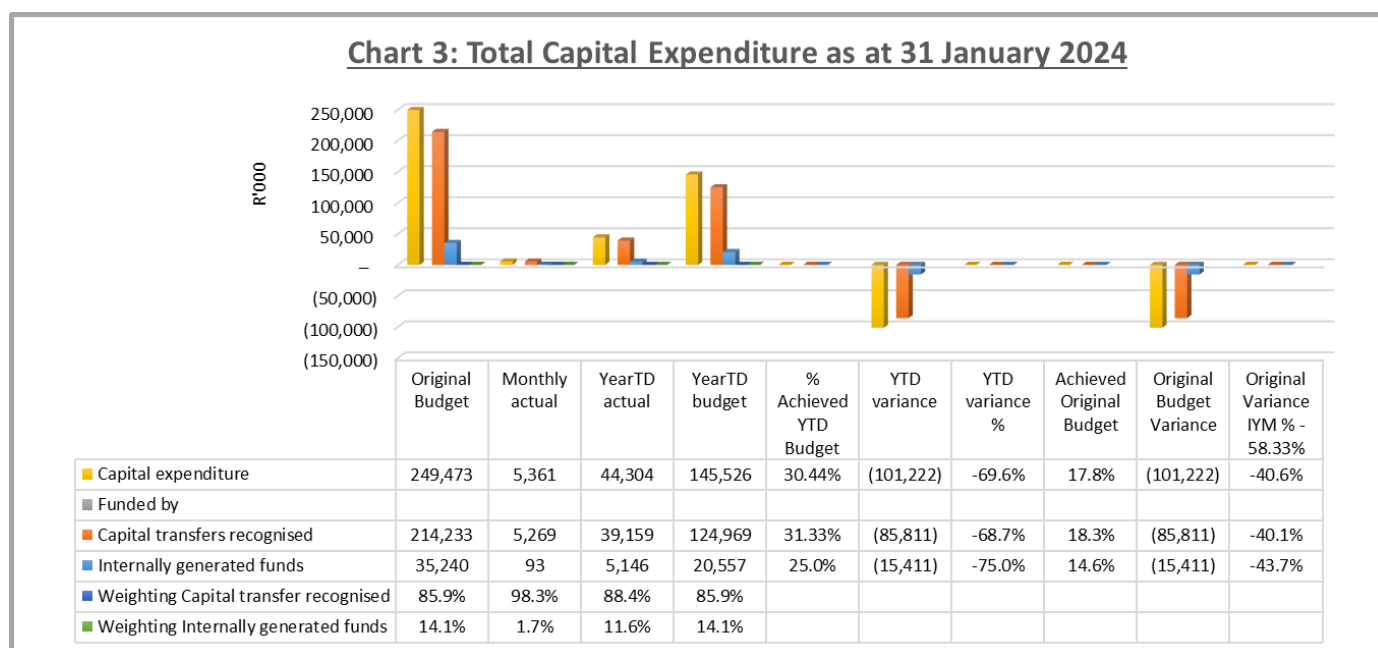


Chart 3: Total Capital expenditure

As indicated in the Table 7 and Chart 3 above, the YTD Actual on capital expenditure as at end of January 2024 amounted to R44,304 million and 30.44% spent when compared to the YTD budget of R145,526 million and 17.8% spent when compared to the Original Budget of R249,473 million. The total YTD capex is funded from Capital grants R39,159 million (85.9%) and Internally generated funds R5,146 million (14.1%). Capex is extremely low and major intervention is required for the financial year. Planning of project managers also needs to improve going forward. One of the major challenges that the municipality is experiencing is in respect of tendering processes.

The majority of capital projects are based on a functionality criteria. Bidders either do not meet the functionality criteria or submit incomplete tender documents resulting in bidders being non-responsive. And due to the non-responsiveness of bidders, these bids unfortunately have to be re-advertised. The municipality has been implementing more compulsory site meetings to sensitise service providers on the compliance issues pertaining to bid documents. Secondly, project managers need to realistically anticipate challenges and immediately address delays in order to ensure that projects are completed within the specified timeframe. Contract management also needs to be monitored more closely, placing emphasis on the performance of appointed service providers and addressing issues of non-performance immediately. The Project Management Unit (PMU) is not adequately staffed, resulting in a lack of qualified permanently appointed project managers. Lastly, it is advised that disputes, if any are addressed and resolved expeditiously. The capital expenditure is slow and overall capital expenditure remains a major concern. Remedial action will have to be taken going forward to ensure improvement on capex. It should be noted that capital expenditure excludes VAT and commitments. The capital expenditure report shown in Annexure A, Table C5 has been prepared on the prescribed monthly C-schedule, and is categorised by municipal vote and functional classification.

Sol Plaatje (NC091): Monthly Budget Statement: S71 Monthly Report: January 2024

4.4 Cash flows

Chart 4: Current investment deposits and Cash & cash equivalents at year-end

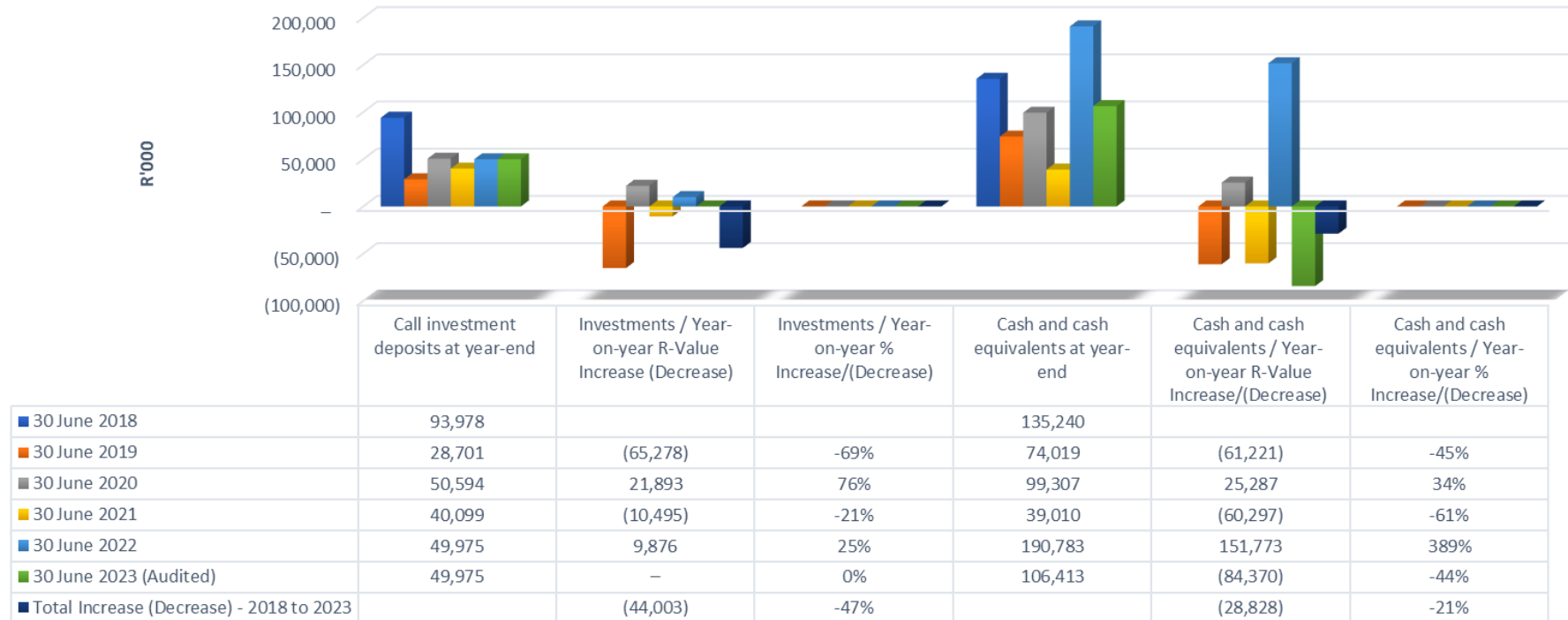


Chart 4: Call investment deposits and Cash & cash equivalents at year-end

Investments decreased by R65,278 million or 69% from 2018 to 2019. Investments increased by R21,893 million or 76% from 2019 to 2020. Investments decreased by R10,495 million or 21% from 2020 to 2021. Investments increased by R9,876 million or 25% from 2021 to 2022. The total investment remained the same from 2022 to 2023. From 2018 to 2023, the total investments decreased by R44,003 million or 47%. The same trend can be seen year-on-year, as indicated in the chart above in respect of the Cash and cash equivalents. There has been a substantial increase in the Cash and Cash equivalents for the year ended 30 June 2022, due to portion of the Equitable Share that was held as reserve, to avert a crisis situation, where the municipality cannot pay salaries. This is attributable to various factors inter alia, the lower collection rate, increased capital expenditure, especially increase on CRR funding year-on-year, the non-implementation of the basic charge for the 2018/19 financial year, increase in bulk purchases, operational expenditure, including excessive expenditure on Overtime and EPWP, variation orders on contracts, excessive water and electricity losses. And the servicing of the long-term loan. The decline in investments and Cash & cash equivalents is concerning and must be addressed by management.

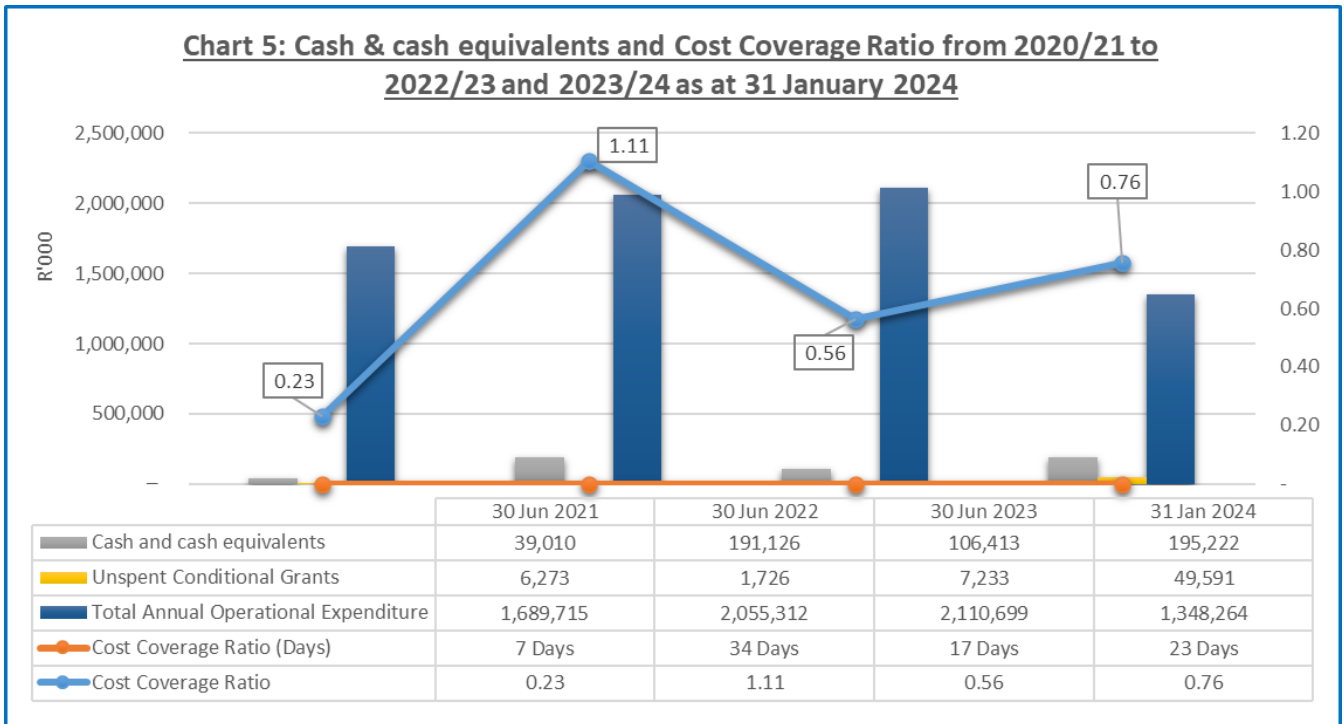


Chart 5: Cash & cash equivalents and Cost coverage ratio

Indicated in Chart 5 above, is the Cost coverage ratio, number of days coverage and the Cash and cash equivalents for the year. The required NT norm is 3 months Cost coverage. The audited outcome for the year ended 30 June 2021 is (0.23; 7 days; R39,010m). There was a marginal improvement for the year ended 30 June 2022 (1.11; 34 days; R191,126m), but this was as a result of increased Cash and cash equivalents, which was predominantly Equitable share funds that the municipality was saving to build up some kind of reserve. The audited outcomes for the year ended 30 June 2023 is (0.56; 17 days; R106,413m). The Cost coverage ratio as at 31 January 2024 is calculated at (0.76; 23 days; R195,222m).

Cash at this stage is monitored on a daily basis. The Cost coverage ratio is a critical indicator that the municipality is in a severe cash flow crisis and not in the conducive position to settle short-term commitments. This is a critical threat to the municipality's ability to pay salaries, bulk accounts and day-to-day operations which can have a detrimental effect on service delivery and irrevocably damage the municipality's relationship with its service providers and further tarnishing the municipality's reputation. This is also evident by the escalation in debt owed to ESKOM and DWS. However, as a result of the debt agreement with DWS and the Incentive initiated by the Department, the municipality has made significant strides in reducing the arrear debt and settling all invoices for the 2022/23 financial year in full.

The only way to address these issues, is to work as a collective team, enforce accountability within all departments and to collect outstanding debt and improve the collection rate. Therefore, the municipality must apply the Credit Control Policy diligently, consistently and fairly to ensure the credibility of the municipality. During the 2022/23 Mid-year engagement, National Treasury recommended that the Credit Control and Debt Collection Policy must be 100% applied. Generally, the payment culture of all consumers and stakeholders must improve. The municipality also needs to spend funds effectively and efficiently with good value for money. Cost containment measures must be stringently applied.

5. In-year budget statement tables

The financial results for the period under review is included in Annexure A, consisting of the following C-schedule tables.

- (a) Table C1: Summary
- (b) Table C2: Financial Performance (Functional Classification)
- (c) Table C3: Financial Performance (Revenue and Expenditure by Municipal vote)
- (d) Table C4: Financial Performance (Revenue and Expenditure)
- (e) Table C5: Capital Expenditure by vote, functional classification and funding
- (f) Table C6: Statement of Financial Position
- (g) Table C7: Cash Flow

6. Municipal Debt Relief Monitoring - MFMA Section 71 reporting

Indicated in the table below is the monthly progress in terms of the municipal debt relief monitoring.

MFMA Circular Reference and Focus Areas	Eskom Debt Relief Conditions	Reporting Frequency / Target Dates	Target / Portfolio of Evidence	Reporting period - January 2024 Comments
<p>6.3 Maintaining the Eskom and Water bulk current account – (current account for the purpose of this exercise means the account for a single month’s consumption)</p>	<p>6.3.1 The municipality must monthly pay and maintain its Eskom bulk current account and bulk water current account - Department of Water and Sanitation (DWS), within 30 days of receiving the relevant invoice</p>	<p>Monthly, within 30 days of receiving invoice on or before due date as per the monthly invoice</p>	<p>Proof of payment (which includes, remittance advice, invoice and extract of corresponding bank statement)</p>	<p>Non-compliant - ESKOM The municipality managed to settle R48,000 million excl interest of R3,065m on 30 January 2024 on the current ESKOM account of R64,311m. The shortfall of R13,246m was settled on 9 February 2024. Compliant - DWS The municipality settled the current Water account amounting to R13,333m in full on 30 January 2024.</p>
	<p>6.3.1 (a) At a minimum, pay the monthly debt instalment on 5th of each month as per signed debt agreement with DWS</p>	<p>Monthly, 5th of each month</p>		<p>Non-compliant The municipality had insufficient cash available from operations to settle the debt repayment instalment of R6m on or before 5th of February 2024. It was subsequently settled on 12 February 2024.</p>

MFMA Circular Reference and Focus Areas	Eskom Debt Relief Conditions	Reporting Frequency / Target Dates	Target / Portfolio of Evidence	Reporting period - January 2024 Comments
	6.3.2 Submit the supporting evidence of the bulk Eskom current account payment to the National Treasury, Eskom and DWS, within 1 day of making any such payment	Within 1 day after making payment	Proof of payment and proof of email submission	Compliant Email was sent within one day of payment to ESKOM and DWS.
	6.3.3 Submit the proof of payment to the National Treasury in PDF format via the GoMuni Upload Portal to substantiate that payment was made.	Monthly, within 10 working days after month end	GoMuni Status of Schedule of Revenue Documents Submissions Report	Compliant Proof of Payments made in January 2024 for December 2023 account was uploaded onto GoMuni 6 February 2024. Due date is 14/02/2024.
	6.3.4 - The amount as per the proof of payment must reconcile to the amount recorded on the financial system as per the mSCOA data string and the section 41(2) MFMA statement of Eskom and DWS	Monthly, within 10 working days after month end	Monthly financial data strings	Partially compliant Invoices are captured on the system, however minor accounts for Eskom and DWS are posted to the same bulk control votes. Erroneous transactions will be journalised. Disclosure issue - the capturing of the current invoice on the system is problematic because it is only received in the new month and captured after month-end closure, resulting in a misalignment between the YTD actual and outstanding creditor..

MFMA Circular Reference and Focus Areas	Eskom Debt Relief Conditions	Reporting Frequency / Target Dates	Target / Portfolio of Evidence	Reporting period - January 2024 Comments
6.6 Electricity and Water Collection <i>(Demonstration through by-laws and budget related policies)</i>	<p>6.6.1 Issue monthly billing and allocate payment received from customers in the following priority order:</p> <ul style="list-style-type: none"> (1) Property Rates (2) Water (3) Waste Water (4) Refuse Removal and (5) Electricity 	Monthly	Monthly billing reconciliation / Financial system generated hierachy allocation report	<p>Compliant</p> <p>Priority of order of allocations was correct on the system. This is a once-off correction that the system will apply when payments are made.</p>
	<p>6.6.2 The municipality is disconnecting electricity services and/or blocking the purchasing of pre-paid electricity of any defaulting consumer/property owner</p>	Monthly	Number of disconnected / blocked meters	234 (City). We targeted businesses this month.
	<p>6.6.3 The municipality is restricting and/or interrupting the supply of water of any defaulting consumer/property owner</p>	Monthly	Number of restricted / interrupted supply	<p>Non-compliant</p> <p>At this stage the Municipality is only disconnecting/blocking electricity. We are in discussions with the Senior Manager: Water Services Compliance to introduce restrictions in the water supply of Debtors we are struggling to disconnect / block. He has requested that we pause on implementation until such time that the water crises is managed.</p>

MFMA Circular Reference and Focus Areas	Eskom Debt Relief Conditions	Reporting Frequency / Target Dates	Target / Portfolio of Evidence	Reporting period - January 2024 Comments
	<p>6.6.4 If the defaulting consumer/ property owner is registered as an indigent consumer with the municipality, the monthly supply of electricity and water to that consumer/property owner must be physically restricted to the monthly national basic free electricity and water limits of 50 Kilowatt electricity and 6 Kilolitres water, respectively.</p>	Monthly	No of indigent consumers	<p>Non-compliant Due to the financial constraints currently faced by many of our Indigent Customers (inability to afford services) we have not implemented the limitation of services in this manner.</p>
<p>6.7 Maintain a minimum average quarterly collection of property rates and services charges</p>	<p>6.7.1 The municipality must strictly enforce its credit control and debt management related policies and achieve a minimum of 80 per cent average quarterly collection of property rates and service charges with effect from 01 April 2023 and 85 per cent average quarterly collection with effect from 01 April 2024 during any quarter. Although the norm and standard for collection rate according to MFMA Circular No. 71 indicates a 95 per cent threshold, municipalities under the debt relief support will be exempted for the first two years from adhering to this norm</p>	Monthly (Internal) and Quarterly (Debt Relief)	Collect R10,000 million daily over 22-day period, to achieve an average quarterly collection of 80% (Monthly S71 Revenue Collection Ward Template)	<p>Compliant Monthly S71 Revenue Collection rate per Ward = 83% Not achieved . Average daily cash collection for January 2024, was R6,676m. Average collection = 73.1%</p>
<p>6.9 Monitor and report on implementation</p>	<p>6.9.1 MFMA section 71 reporting – has the municipal council and senior management team instituted processes to monitor and enforce accountability for the implementation of the municipality’s funded budget and Budget Funding Plan where relevant?</p>	Monthly, within 10 working days after month end	Progress report to be included in Monthly S71 Report	<p>Compliant Report included in the monthly S71 report for January 2024</p>

MFMA Circular Reference and Focus Areas	Eskom Debt Relief Conditions	Reporting Frequency / Target Dates	Target / Portfolio of Evidence	Reporting period - January 2024 Comments
	6.9.2 If progress is slow in terms of paragraph 6.9.1, is the active intervention evident from the narratives supporting the municipality's monthly MFMA section 71 reporting and recorded on the financial system as per the mSCOA data string?			
	6.9.3 Municipalities with financial recovery plans (FRP) – if the municipality has a FRP as envisaged in the prevailing local government legislative framework, it must monthly report its progress in implementing its FRP to the Provincial Executive			
6.10 Provincial Treasury's Certification of municipal compliance	6.10 Provincial Treasury certification of municipal compliance – in terms of section 5 and 74 of the MFMA to be performed by the relevant PT			
	Executive Management Team (EMT) to review the National Treasury: Local Government Budget Analysis (NT: LGBA) compliance certification for the prior month and take immediate remedial action	Monthly, within 1 days after issue	NT: LGBA Compliance Certification	The municipality is received the compliance certificates for November and December 2023. Management must take remedial actions as per the recommendations made by National Treasury
6.12 The municipality for the duration of the Municipal Debt Relief (to ensure proper	6.12.1 Open a separate investment account to serve as a sub-account	Once-off	Investment account confirmation	Compliant A call deposit account to serve as a sub-account was opened on 13 November 2023 with our primary banker.

MFMA Circular Reference and Focus Areas	Eskom Debt Relief Conditions	Reporting Frequency / Target Dates	Target / Portfolio of Evidence	Reporting period - January 2024 Comments
management of resources)	<p>6.12.1 must apportion and ring-fence in a sub-account to its primary bank account –</p> <p>(a) all electricity, water and sanitation revenue the municipality collects in any month; and</p> <p>(b) the component of the Local Government Equitable Share (LGES) the municipality earmarked to provide free basic electricity, water and sanitation</p>	Funds to be invested weekly and withdrawn monthly	Investment account and primary bank statement	<p>Finalised</p> <p>Daily process developed to identify amounts received per service. EQS portion to be considered on a monthly basis, once subsidies has been allocated</p> <p>Partially compliant</p> <p>The ESKOM and DWS accounts were paid directly from the Primary bank account. The municipality had insufficient funds to settle the Bulk electricity account in full. To date the municipality has a balance of R100 thousand in the investment account</p>
	<p>6.12.2 must monthly first apply the revenue in the sub-account (required per paragraph 6.12.1) to pay its current Eskom account and then secondly its bulk water current account before it may apply the revenue in the sub-account for any other purpose.</p>	Monthly	Investment account and bank statement and proof of payment aligned to actual receipts	<p>Partially compliant</p> <p>The ESKOM and DWS accounts were paid directly from the Primary bank account. Municipality has a backlog in terms of built-up reserves. Salaries and third party salary payments including commitments to other creditors make this requirement difficult to reach.</p>

MFMA Circular Reference and Focus Areas	Eskom Debt Relief Conditions	Reporting Frequency / Target Dates	Target / Portfolio of Evidence	Reporting period - January 2024 Comments
	The municipality monthly submit a copy of the bank statement of its ring-fenced bank account to the National Treasury and provincial treasury aligning to its MFMA s.71 statement collected revenue	Monthly, within 10 working days after month end	Bank statement and proof of payment aligned to actual receipts	Partially compliant Investment account submitted. Matter to be discussed with NT to ascertain if they will introduce a new upload tab on GoMuni for this purpose. Primary bank account statement is uploaded on GoMuni. Revenue received is not aligned, due to lack of reserves. Payments made directly from Primary bank account.

Critical areas that the municipality must address and/or improve upon

Settling of the current accounts for both Water and ESKOM

Settling of the debt repayment instalment

Achieving the desired collection rate of 95% and application of the Credit Control Policy

Restricting or interrupting of water supply of defaulting customers and indigents. Assistance from the Engineer for Water & Sanitation is really needed in this regard.

Improving on indigent management, especially in light of the audit findings raised.

Installation of smart prepaid meters. Engineers for Water and Electricity is really needed in this regard.

Engaging ESKOM to assist in collections in ESKOM supplied areas (Ritchie). Debtors Management to do an assessment of actual debt owed and the number of registered indigents compared to total number of households.

Development of the policy for smart prepaid metering solutions

Ring-fencing actual cash received for Electricity and Water

Building up of reserves as a matter of urgency.

The two items above, can only be realistically achieved if the collection rate improves significantly.

PART 2: SUPPORTING DOCUMENTATION

7. Debtors' Analysis

NC091 Sol Plaatje - Supporting Table SC3 Monthly Budget Statement - aged debtors - M07 January

Description	NT Code	Budget Year 2023/24										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy	
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days			
R thousands														
Debtors Age Analysis By Income Source														
Trade and Other Receivables from Ex change Transactions - Water	1200	34,729	23,951	23,389	19,716	17,473	14,429	84,244	573,733	791,664	709,595	-	-	
Trade and Other Receivables from Ex change Transactions - Electricity	1300	49,628	26,578	25,068	24,178	15,122	11,171	39,762	173,090	364,596	263,322	-	-	
Receivables from Non-ex change Transactions - Property Rates	1400	37,120	17,302	14,381	13,540	12,586	11,905	151,865	596,818	855,517	786,714	-	-	
Receivables from Ex change Transactions - Waste Water Management	1500	8,404	5,887	5,420	5,104	4,965	4,817	26,533	185,073	246,204	226,493	-	-	
Receivables from Ex change Transactions - Waste Management	1600	7,007	4,956	4,311	4,077	3,873	3,743	20,063	143,396	191,427	175,152	-	-	
Receivables from Ex change Transactions - Property Rental Debtors	1700	1,770	1,743	1,731	1,731	1,717	1,715	9,242	56,938	76,587	71,343	-	-	
Interest on Arrear Debtor Accounts	1810	21,692	21,236	20,657	19,969	19,738	18,628	101,806	673,885	897,610	834,025	-	-	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									-	-	-	-	
Other	1900	3,961	4,653	6,670	6,238	11,199	4,843	41,598	237,525	316,688	301,404	-	-	
Total By Income Source	2000	164,312	106,306	101,627	94,554	86,674	71,250	475,114	2,640,456	3,740,293	3,368,049	-	-	
2022/23 - totals only		#####	82685591	83543305	73429836	66063182	68708514	#####	#####	3,243,662	2,931,295	0	0	
Debtors Age Analysis By Customer Group														
Organs of State	2200	24,464	20,492	18,211	18,678	10,503	8,616	126,295	560,898	788,158	724,991	-	-	
Commercial	2300	60,676	28,739	25,957	20,467	18,274	15,721	73,219	405,508	648,561	533,190	-	-	
Households	2400	76,891	54,957	55,523	53,502	56,493	45,505	268,148	1,615,070	2,226,088	2,038,717	-	-	
Other	2500	2,281	2,119	1,936	1,907	1,404	1,407	7,452	58,980	77,486	71,150	-	-	
Total By Customer Group	2600	164,312	106,306	101,627	94,554	86,674	71,250	475,114	2,640,456	3,740,293	3,368,049	-	-	

Table 8: Supporting Table SC3: Aged Debtors

Chart 6: Debtor's Age Analysis by Income Source and Customer Group as at 31 January 2024



	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total O/S Debt	Debt over 90 days	% of Total Debt over 90 days	Weighting per Customer group
Trade and Other Receivables from Exchange Transactions - Water	34,729	23,951	23,389	19,716	17,473	14,429	84,244	573,733	791,664	709,595	90%	21%
Trade and Other Receivables from Exchange Transactions - Electricity	49,628	26,578	25,068	24,178	15,122	11,171	39,762	173,090	364,596	263,322	72%	10%
Receivables from Non-exchange Transactions - Property Rates	37,120	17,302	14,381	13,540	12,586	11,905	151,865	596,818	855,517	786,714	92%	23%
Receivables from Exchange Transactions - Waste Water Management	8,404	5,887	5,420	5,104	4,965	4,817	26,533	185,073	246,204	226,493	92%	7%
Receivables from Exchange Transactions - Waste Management	7,007	4,956	4,311	4,077	3,873	3,743	20,063	143,396	191,427	175,152	91%	5%
Receivables from Exchange Transactions - Property Rental Debtors	1,770	1,743	1,731	1,731	1,717	1,715	9,242	56,938	76,587	71,343	93%	2%
Interest on Arrear Debtor Accounts	21,692	21,236	20,657	19,969	19,738	18,628	101,806	673,885	897,610	834,025	93%	24%
Other	3,961	4,653	6,670	6,238	11,199	4,843	41,598	237,525	316,688	301,404	95%	8%
Total By Income Source	164,312	106,306	101,627	94,554	86,674	71,250	475,114	2,640,456	3,740,293	3,368,049	90%	100%
Organs of State	24,464	20,492	18,211	18,678	10,503	8,616	126,295	560,898	788,158	724,991	92%	21%
Commercial	60,676	28,739	25,957	20,467	18,274	15,721	73,219	405,508	648,561	533,190	82%	17%
Households	76,891	54,957	55,523	53,502	56,493	45,505	268,148	1,615,070	2,226,088	2,038,717	92%	60%
Other	2,281	2,119	1,936	1,907	1,404	1,407	7,452	58,980	77,486	71,150	92%	2%
Total By Customer Group	164,312	106,306	101,627	94,554	86,674	71,250	475,114	2,640,456	3,740,293	3,368,049	90%	
Weighting per age analysis	4%	3%	3%	3%	2%	2%	13%	71%	100%	90%		

Chart 6: Debtor's age analysis by Income Source and Customer Group

Indicated in Table 8 and Chart 6 above is the total outstanding debt by Income Source and Customer Group including the debt over 90 days, the percentage of total Debt over 90 days and percentage weighting. The total O/S Debt amounts to R3,740,293 billion as at the end of January 2024 with the bulk of SPM debt is aged over 90 days with a total weighting of 90%.

The highest percentage weighting of debt owed by Income Source, in excess of 90 days is attributable to:

- ❖ Receivables from Non-Exchange Transactions – Property Rates at 92%
- ❖ Receivables from Exchange Transactions - Property Rental Debtors at 93%
- ❖ Interest on Arrear Debtor Accounts at 93% and Other 95%.

The highest percentage weighting of debt owed by Income Source is attributable to:

- ❖ Receivables from Non-exchange Transactions - Property Rates at 23%
- ❖ Interest on Arrear Debtor Accounts 24%, and
- ❖ Trade and Other Receivables from Exchange Transactions – Water at 21%

Weighting per Customer Group: Organs of state constitutes 21%, Businesses 17%, Households 60% and Other 2% of the total outstanding debt.

An analysis revealed that the catalysts for this condition are the sheer volume of accountholders in arrears, the poor economic circumstances of a large number of our accountholders, and the increasing cost of services beyond the Municipality's control. There is a substantial portion of irrecoverable, stagnant debt that attracts interest every month. We have a backlog of processing this debt and submitting this to Council for approval to write off. We have revised our policies to make our processes more effective. This will allow us to focus on preventing debt from ageing where possible in tracing and updating our debtors' information and of course recovering outstanding amounts.

We anticipate a marked turnaround of this trend and in conjunction with a concerted effort to retard the escalation of ageing debt, we are focusing on improving the accuracy and regularity of our billing as well as our communication with our accountholders. Indigent verification is a continuous process and we are encouraging accountholders whose households qualify, to approach the Municipality for an assessment and possible registration as an Indigent Household. The benefits of this are the provision of free basic services and assistance with arrear debt owed to the Municipality. The payment culture of consumers needs to improve across all areas. Articulated in the paragraph below under "Revenue Management" is a detailed plan with interventions and improvements.

Revenue Management: Activities for the month of December 2023

On 19 December 2023 a postponed Ordinary Council Meeting, which was converted to Special Council Meeting was held and Council made the following resolution (no.: C233/12/23)

1. Council has approved the Special Debt Relief Programme effective from the 05 December 2023 until 28 February 2024.
2. The Debt Relief Programme is only allowed for arrear debt equal or older than 90 Days.
3. The amount discounted as a result of this Special Debt Relief Programme shall be written off against Provision for Doubtful Debt.
4. There will be a public awareness programme.

We will be embarking on a campaign to promote the Debt Relief Programme as from 15 January 2024. In order to assist our Customers with rehabilitating their accounts and bringing their accounts up to date. We have already had some Customers take advantage of this great initiative and believe more Customers will do the same, once they become aware of the Programme. The awareness campaign will include radio interviews, newspaper articles, putting up of posters and handing out of flyers at different areas in our surrounding communities.

We had a challenge with the disconnection/blocking of electricity due to the water crisis faced by SPM. As there was a challenge with the supplying of water, the Municipality decided not to also disconnect/block the electricity of Customers. This however would only be for the month of December; disconnection notices were sent out to Defaulting Customers for disconnections to be effected in January 2024.

We are looking forward to applying a more robust approach for the collection of outstanding accounts in the year 2024, innovative, cost effective and effective means of collection.

We are receiving monthly payments from our Government Customers and are holding meetings with the Departments in order to obtain the monies that are owed to the Municipality. The receipts for December for government payments are as follows:

GOVERNMENT DEBT	
DEPARTMENTS	RECEIPTS DECEMBER 2023
NATIONAL PUBLIC WORKS	R7,121,572.51
PROVINCIAL PUBLIC WORKS	R256,611
DEPARTMENTS OF HEALTH	R76,992.28
SOCIAL DEVELOPMENT	R486,858.01
ECONOMIC AFFAIRS	R243,251.71
COGHSTA/ HOUSING	R579,403.66
PROVINCIAL LEGISLATURE	R6,455.26
CORRECTIONAL SERVICE	R2,566,242.00
NATIONAL DEFENCE FORCE	R5,070,833.03
AGRICULTURE	R73,881.52
EDUCATION	R1,719,862.34
SPORTS, ARTS & CULTURE	R239,060.73
TRANSPORT	R253,312.59
DE BEERS	R861,487.74
TELKOM	R930,736.12
TRANSNET	R490,406.99
ESKOM	R16,866.91
SCHOOLS	R966,748.65
SAPS	R16,480.90
TOTAL	R21,977,063.95

Chart 7 below, depicts the month-on-month summary of Debt over 90 days as a percentage of total O/S Debt which increased to 90% for the month under review. Debt over 90 days increased by R57,434 million in respect of the month-to-month comparison. The month-to-month increase on Total debt amounted to R40,929 million. It is concerning that total debt over 90 days is hovering at an average of 89 percent. During the 2023/24 MTREF Budget Benchmark exercise NT also encouraged the municipality, to explore all avenues to recoup long outstanding debt, to improve on financial liquidity and to improve the collection rate to at least 89% to be realistically funded from a cash perspective.

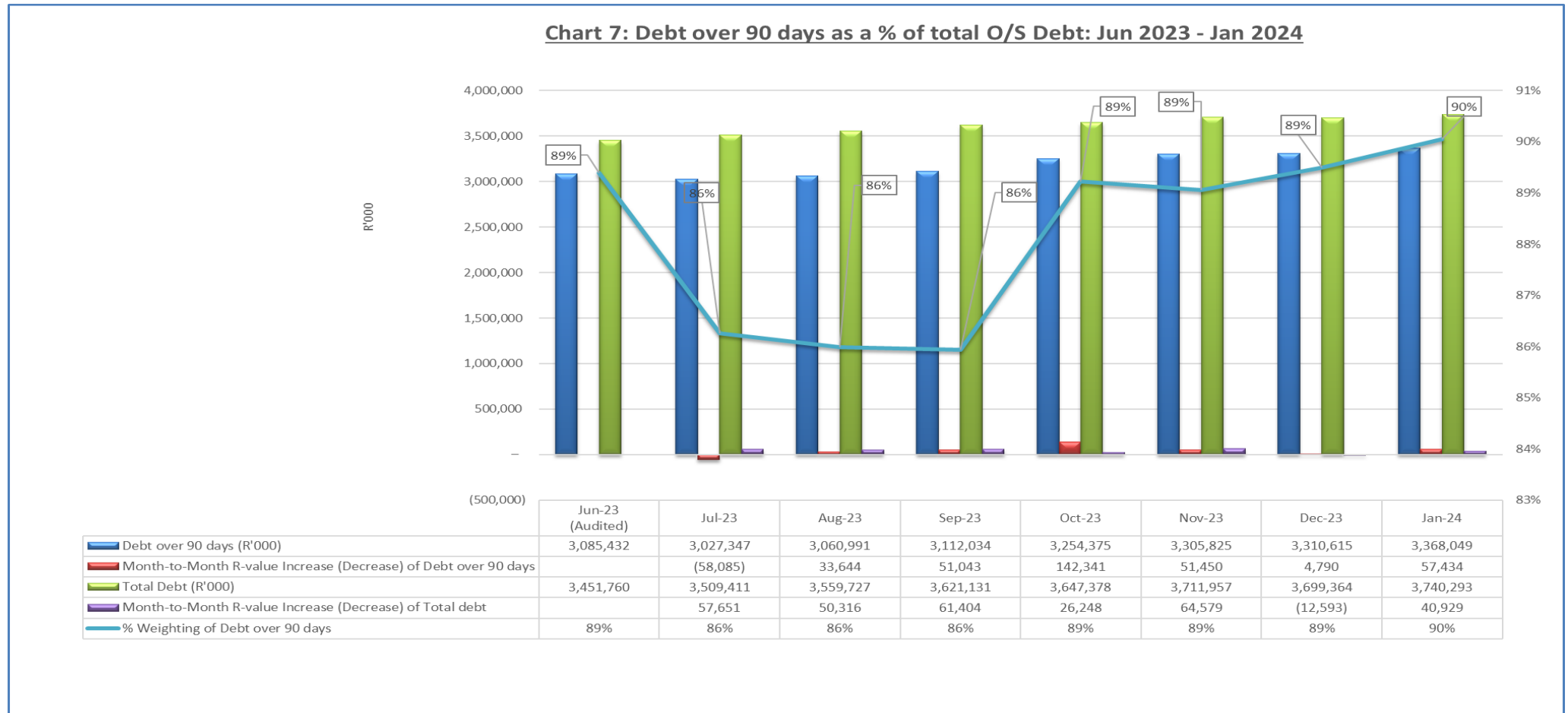


Chart 7: Debt over 90 days as a percentage of Total O/S Debt

- There is an error on the C-schedules, supporting schedule SC3 – Aged Debtors for the audited outcome for 2022/23. This error affected Chart C3 Aged Consumer Debtors Analysis. The problem has been resolved by our financial system provider (BCX). However, the totals are for December 2022, this will have to be confirmed with NT, if it is for the same period of the prior year or the audited outcomes that are required. The error on Chart C4 Consumer Debtors (total by Debtor Customer Category) must be communicated to NT as the 2022/23 audited actuals is not aligned to the AFS and is based on an erroneous formula which the municipality is strictly prohibited from fixing manually. The C-schedule for this reason, is completely password protected. The corrected charts are indicated below.

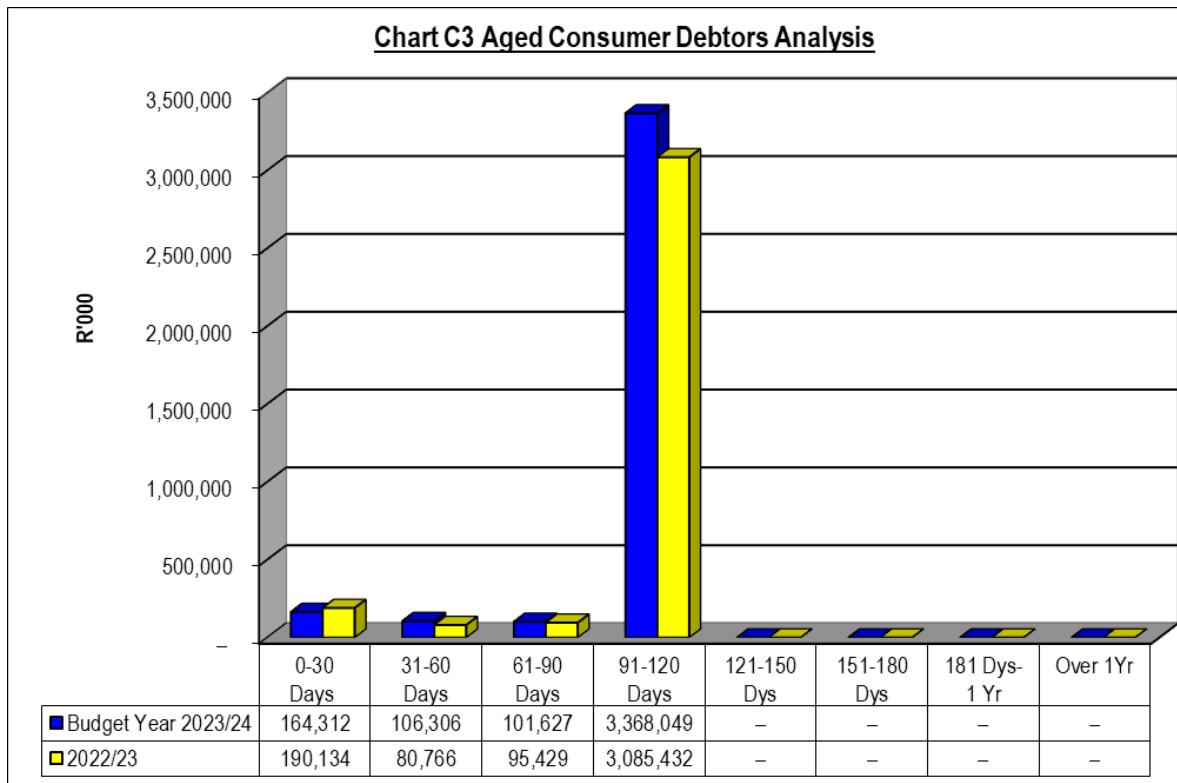


Chart 8: Aged Consumer Debtor Analysis

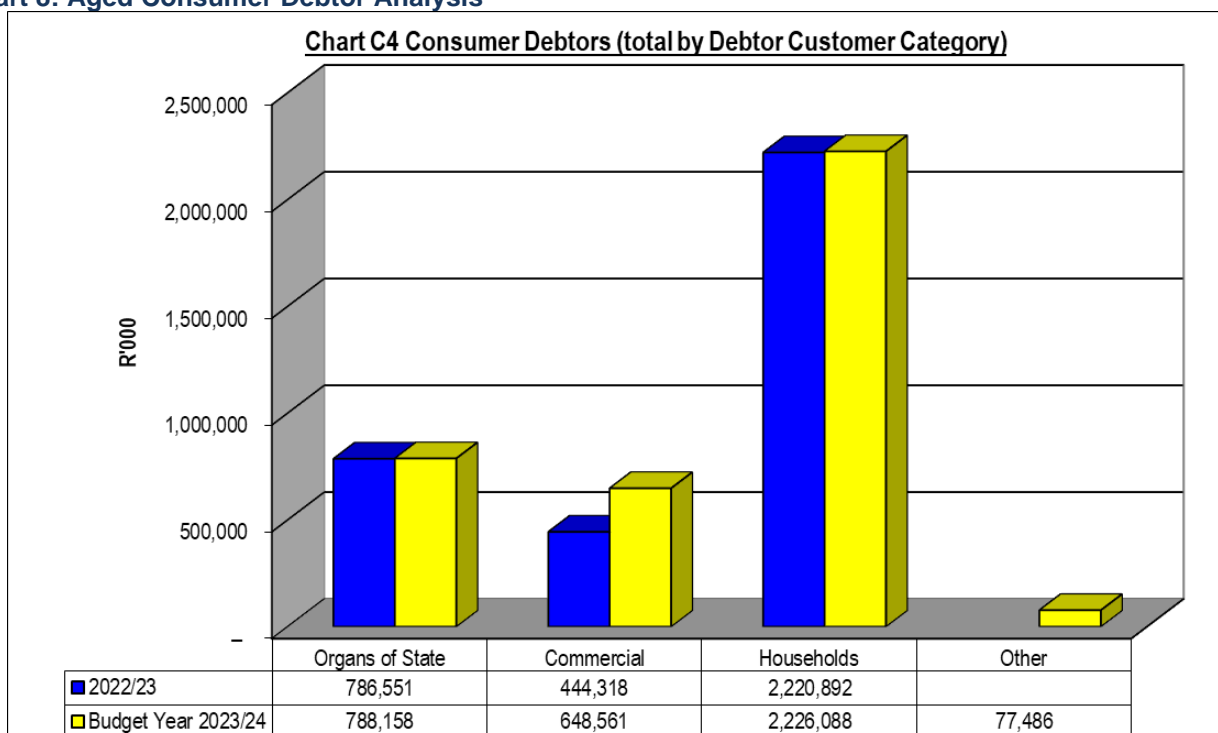


Chart 9: Consumer Debtors (total by Debtor Customer Category)

During the Mid-year Budget Assessment for the 2021/22 financial year and indicated below are the Revenue enhancement strategies that can be implemented to ensure the completeness of Revenue, improve the collection rate, enhance customer relations and reduce losses

- Disconnection of consumers to be applied consistently and fairly in line with the Credit Control Policy
- Engagements with provincial government to collect outstanding debt.
- Data cleansing of the entire debtor's book
- Data cleansing to positively influence the reachability of consumers and assist tremendously in the electronic distribution of municipal accounts via short messaging services (sms) and e-mail.
- Improve in the accuracy of monthly billing.
- Ensure meters are read consistently and timeously.
- Significantly reduce interim readings and ultimately eliminate interim readings.
- Reduce material billing errors by thoroughly interrogating billing exception reports prior to final billing run.
- Enhance customer relations and consumer satisfaction by improving on the turnaround time when dealing with billing queries.
- Introduce electronic complaints management system/register for account queries.
- Ensure faulty and bypassed electricity meters are replaced.
- Ensure that stuck, leaking, faulty or damaged water meters are replaced.
- Do regular follow-ups on meter replacements.
- Accurately update the system with latest information
- Reduce the turnaround time for installation of replacement or new meters.
- Ensure improved synergy and improved communication between internal department like Town Planning, Infrastructure, GIS and Billing
- Interrogate billing and prepaid electricity reports on a monthly basis and take immediate remedial action to address anomalies or discrepancies.
- Ensure that all billable properties are billed for Property rates and services.
- Ensure that customers are billed at the correct approved tariff by linking each customer to the correct tariff code loaded on the system.
- Reduce Electricity and Water losses.
- Finalise the Riverton reclamation dam to reduce water losses at the Plant by at least 6%
- Introduce automated metering for bulk consumers.
- Electricity Cost of Supply Study was finalised
- Ensure qualifying indigents are registered on the system, immediately upon verification.
- Improve on indigent management in terms of consumption and ensure prepaid electricity meters are installed immediately for all approved indigents.
- Improve on service delivery and personnel performance, to enhance customer's willingness to pay.
- Reduce or curb unnecessary expenditure by diligently applying cost containment measures.
- Prioritisation of spending
- Improve on routine maintenance on particularly revenue generating assets.
- Spend funds effectively with good value for money.

Revised collection rate

As per Table 9 below, when taking into consideration what was billed in December 2023 and received in January 2024, the monthly collection rate is 56%. It should be noted that receipts are aligned to the billing cycle which is normally from the 26th of the prior month to the 25th of the current month. The monthly collection rate is not satisfactory for the month under review. Unallocated receipts amounted to R19,671 million and will be allocated during February 2024. Indicated in Table 10 below is the revised average collection of 73% for the period under review. The average collection rate including the annual billing on Property rates is stabilising. When taking the annual billing on Property rates into consideration, the average collection rate is 73.1%. The lower collection rate is not an ideal situation and is having a dire impact on the cash flow of the municipality. The current status quo cannot continue, and drastic action will have to be taken to address this critical issue.

When considering the average collection rate, various factors are taken into account, like the receipts on Prepaid Electricity, unallocated credits, etc. The YTD billing on Property Rates and Service Charges are obtained from the general ledger. Billing on Other is obtained from the BS902 report (Debits Raised Versus Payments). The BS566 report (Payments per Service per Day/Period) includes all monies received from 1 January to 31 January 2024. Unallocated credits are obtained from the cashbook. Government in particular and businesses/households that opt to get billed annually, had until the end of September 2023 to settle their outstanding accounts.

Monthly Collection Rate	Debits (Billed December 2023)	Credits (Received January 2024)	% Collected
PROPERTY RATES	45,015,539	30,392,731	68%
ELECTRICITY	47,995,054	39,118,494	82%
WATER	33,938,967	14,158,273	42%
SEWERAGE	9,769,741	3,223,150	33%
REFUSE	7,947,487	3,073,720	39%
OTHER	25,002,036	5,380,048	22%
Total	169,668,824	95,346,416	56%

Table 9: Monthly collection rate

REVENUE BY SOURCE	YTD ACTUAL JANUARY 2024	YTD RECEIPTS	Rate
PROPERTY RATES	R 455,743,833	R 331,697,468	72.8%
SERVICE CHARGE ELECTRICITY	R 336,566,672	R 300,347,391	89.2%
SERVICE CHARGE ELECTRICITY - PREPAIDS	R 183,208,243	R 183,208,243	100.0%
SERVICE CHARGE WATER	R 171,606,964	R 88,524,826	51.6%
SERVICE CHARGE SANITATION	R 56,155,581	R 27,079,802	48.2%
SERVICE CHARGE REFUSE	R 44,691,752	R 23,237,540	52.0%
OTHER	R 186,145,236	R 72,900,555	39.2%
UNALLOCATED CREDITS		R 19,671,350	
REVISED AVERAGE COLLECTION RATE - JANUARY 2024	R 1,434,118,281	R 1,046,667,175	73.0%
REVISED AVERAGE COLLECTION RATE - JANUARY 2024	1,434,118,281.47	1,046,667,175.21	73.0%
LESS ANNUAL BILLING ON PROPERTY RATES	R -141,456,341.14	-101,750,658.37	71.9%
AVERAGE COLLECTION RATE EXCL ANNUAL BILLING	R 1,292,661,940.33	R 944,916,516.84	73.1%

Table 10: Revised Average collection rate

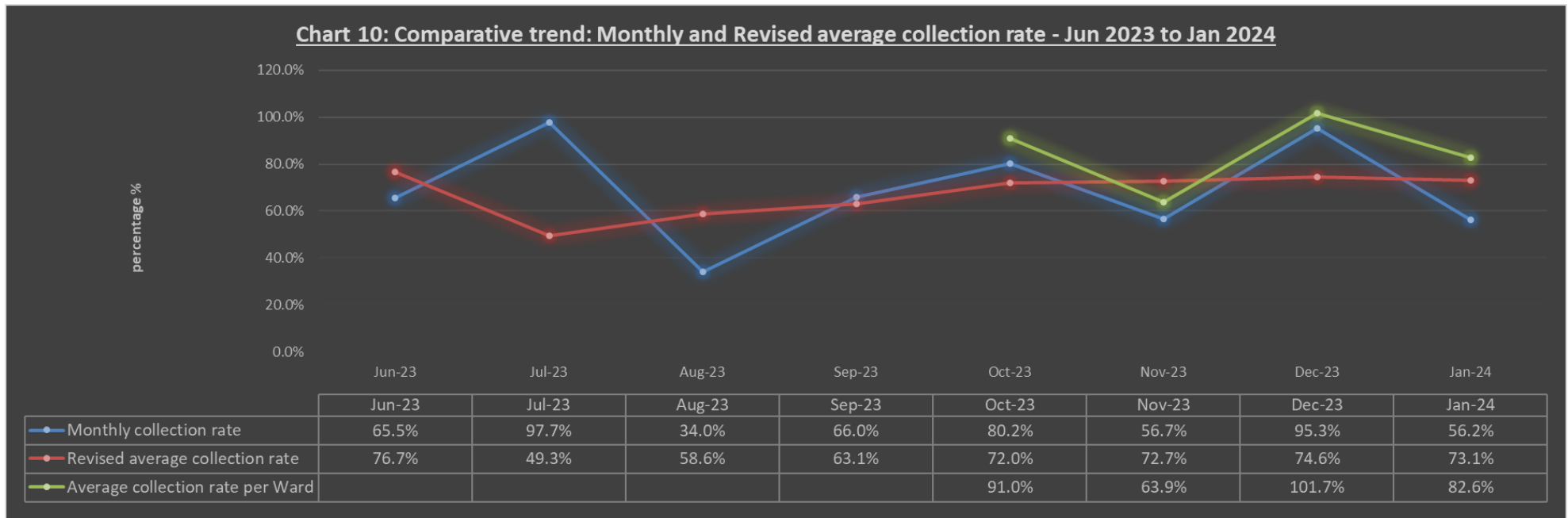


Chart 10: Comparative trend: Monthly and Revised average collection rate

Indicated in Chart 10 above, is the comparative trend between the monthly and average collection rate from June 2023 to January 2024. The monthly collection rate for August 2023 and the revised average collection for July 2023, is low due to the annual billing of Property rates. It should be noted that the monthly collection rate takes into account what was billed in the previous month and received in the current month. The receipts are also based on the billing cycle, which will normally be from 26th of the previous month to 25th of the current month. The monthly collection rate also excludes Prepaid electricity sales. The average collection rate, although distorted is not ideal because on a monthly basis, the municipality is not receiving enough cash to cover its commitments. For the municipal debt relief, the municipality is also expected to report the average collection rate per ward. The collection rate per ward was 82.6% for the month under review. It should be noted that an amount of R19,671m was unallocated at month-end, which negatively influenced these collection rates.

During the 2023/24 MTREF Benchmark engagement, NT advised that the municipality, “must make an effort to collect long outstanding debtors and strive to push collection rate beyond 89% so that we are able to make a surplus on the cash flow which will enable the municipality to cover all the proposed expenditures including bulk purchases for Eskom and Water Board. As things stand, if you look at the cash flow, it shows that the municipality will collect less revenue than the proposed expenditure, however, the budget on A8 remains funded because of huge outstanding debtors that the municipality is still anticipating to collect, hence our plea for the municipality to collect those long outstanding debtors not written off.”

Chart 11.1: Month-to-month - Total Billing Receipts incl Prepaid Electricity from Jun 2023 to Jan 2024

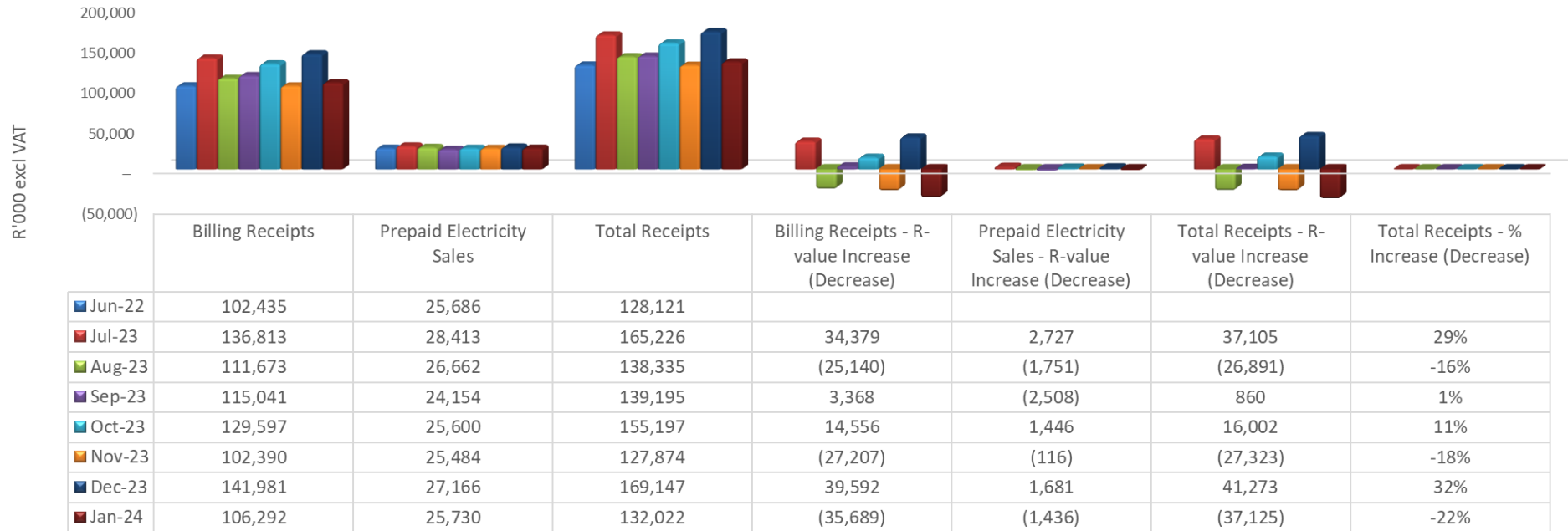


Chart 11.1: Month-to-month - Total Billing Receipts incl Prepaid Electricity

As indicated in Chart 11.1 above, the Total Receipts amounted to R132,022 million which resulted in a decrease of R37,125 million or 22% in respect of the month-to-month comparison. Billing receipts decreased by R35,689 million, whilst Prepaid Electricity Sales decreased by R1,436 million. The deteriorating situation for the past few months/years does not bode well for the municipality's cash flow because on a monthly basis the municipality does not collect sufficient cash to cover its monthly commitments. Unallocated billing receipts at month end amounted to R19,671 million. Unallocated receipts are not factored into the actual receipts as per the chart above. All unallocated receipts are investigated and assistance from the bank is also requested when the municipality is unable to trace receipts so that it can be allocated timeously and accurately.

Chart 11.2: Monthly billing receipts per revenue source & % contribution from Jul 2023 - Jan 2024

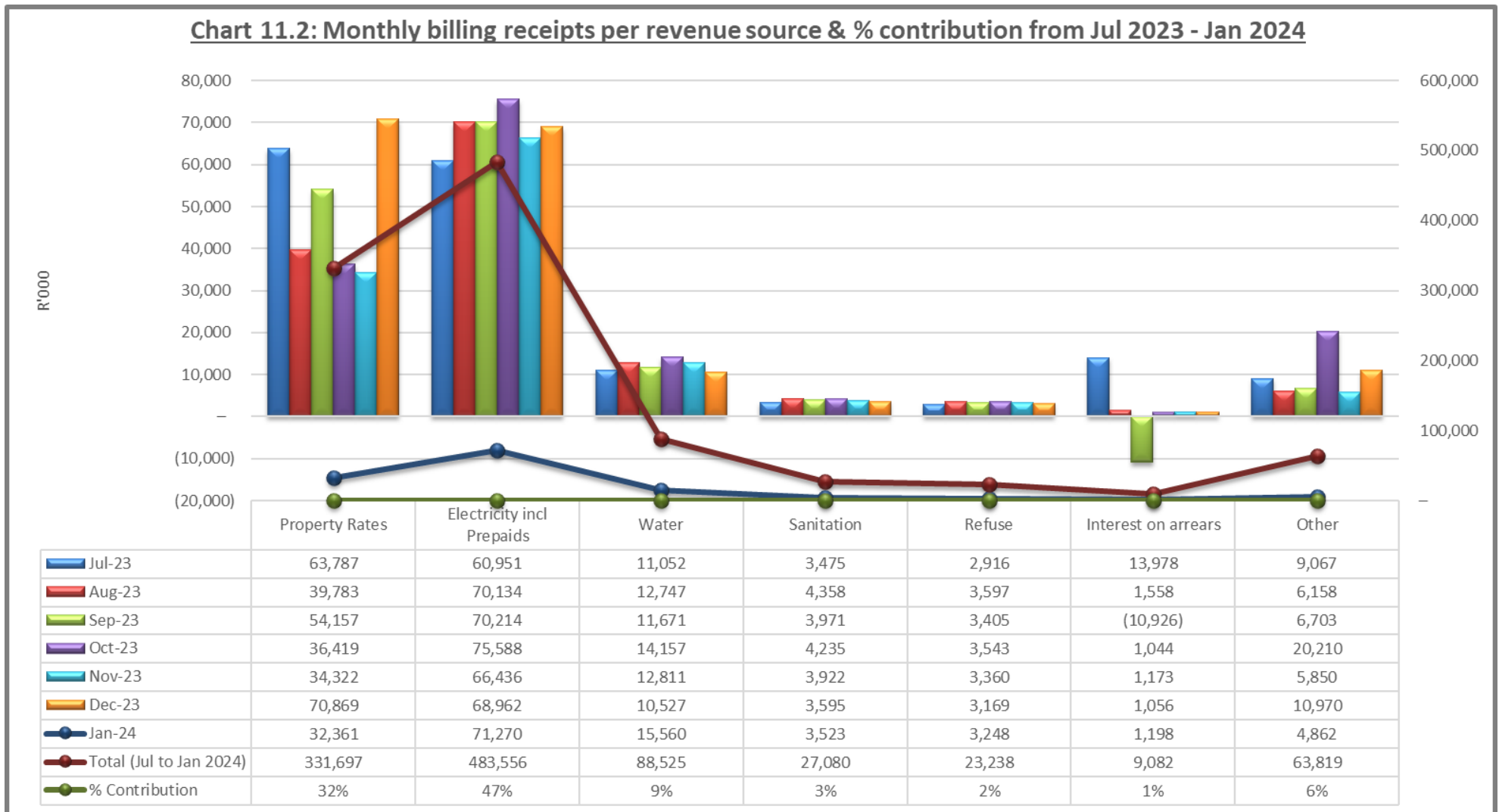


Chart 11.2: Monthly billing receipts per revenue source and % contribution

Indicated in Chart 11.2 above, is the month-to-month receipts per Revenue source and percentage contribution of receipts per revenue source as at 31 January 2024. Receipts are relatively constant based on the month-to-month comparison. The actual cash collected remains is a serious concern and positive results can be achieved, provided that the Credit Control and Debt Collection Policy is strictly, consistently, and fairly applied. Revenue streams that are showing improvement in relation to the monthly comparison, is Electricity, Water, Refuse and Interest on arrears, all other revenue streams are showing a decline. Data from the above chart, indicates that Electricity incl Prepays at R486,556 million (47%) is the highest contributor, followed by Property rates at R331,697 million (32%) being received. This illustrates the sensitivity and vulnerability in respect of electricity sales that the municipality

is facing. Any major reductions in this revenue source can severely affect the municipality's financial position and this was clearly demonstrated when the municipality had to abolish the implementation of the basic charge in 2018/19 financial year. Measures should be implemented to ensure that receipts from annual Property rates billing materialises. Receipts from Water constitutes 9% and Other 7% overall.

Receipts from Sanitation and Refuse is extremely low and on average the municipality collects approximately 54% from these revenue sources. The lowest contributor in respect of actual receipts, has always been Interest on arrears. This demonstrates the fact that the municipality is facing challenges in collecting long outstanding debt. It should be noted that in terms of the approved Customer Care, Credit Control and Debt Collection Policy, it outlines that "the municipality shall implement an incentive for settlement of arrears accounts as illustrated below:

- a) 100 % of all interest charges and penalties not yet paid and still reflecting on the consumer's most recent account may be written off if such account is settled in full prior to the next billing run of such account.
- b) 85 % of all interest charges and penalties not yet paid and still reflecting on the consumer's most recent account may be written off if such account is settled in full over a period of two consecutive months.
- c) 50 % of all interest charges and penalties not yet paid and still reflecting on the consumer's most recent account will be written off if such account is settled in full over a period of three consecutive months."

The above incentives then negatively influence the collectability of this revenue source, but positively influences the collection of other services.

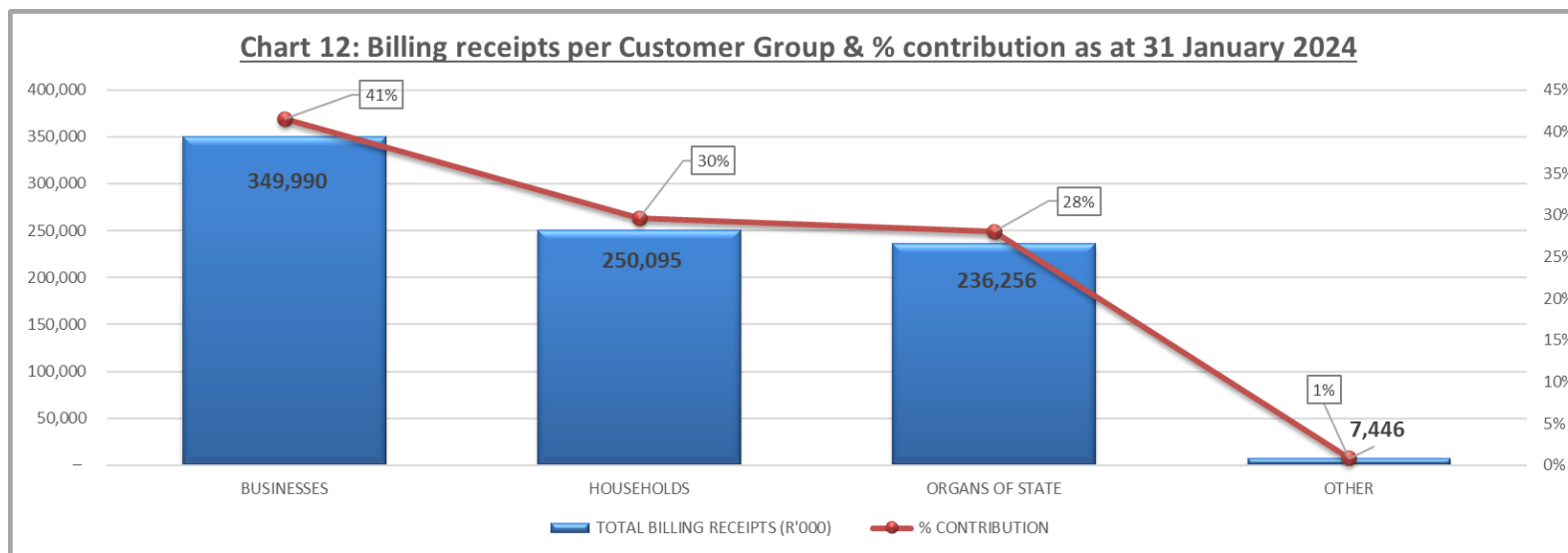


Chart 12: Billing receipts per Customer Group

Indicated in Chart 12 above, is the billing receipts and percentage contribution per major Customer group as at 31 January 2024. The municipality received R349,990 million (41%) from Businesses, Households R250,095 million (30%), Organs of State R236,256 million (29%) and Other R7,446 million (1%).

8. Creditors' Analysis

NC091 Sol Plaatje - Supporting Table SC4 Monthly Budget Statement - aged creditors - M07 January

Description	NT Code	Budget Year 2023/24									Total	Prior year totals for chart (same period)
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year			
Creditors Age Analysis By Customer Type												
Bulk Electricity	0100	65,735	16,311	8,232	-	30,823	42,810	200,332	631,390	995,634	764,390	
Bulk Water	0200	13,333	-	17,070	-	-	15,303	-	65,764	111,470	154,855	
PAYE deductions	0300	11,640	-	-	-	-	-	-	-	11,640	9,877	
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	-	
Pensions / Retirement deductions	0500	8,321	-	-	-	-	-	-	-	8,321	7,812	
Loan repayments	0600	-	-	-	-	-	-	-	-	-	-	
Trade Creditors	0700	8,717	-	177	-	-	-	-	5	8,898	10,690	
Auditor General	0800	34	-	-	-	-	-	-	-	34	90	
Other	0900	18,732	782	850	-	-	-	-	14,223	34,587	22,849	
Total By Customer Type	1000	126,512	17,093	26,329	-	30,823	58,113	200,332	711,382	1,170,585	970,563	

Table 11: Supporting Table SC4: Aged Creditors

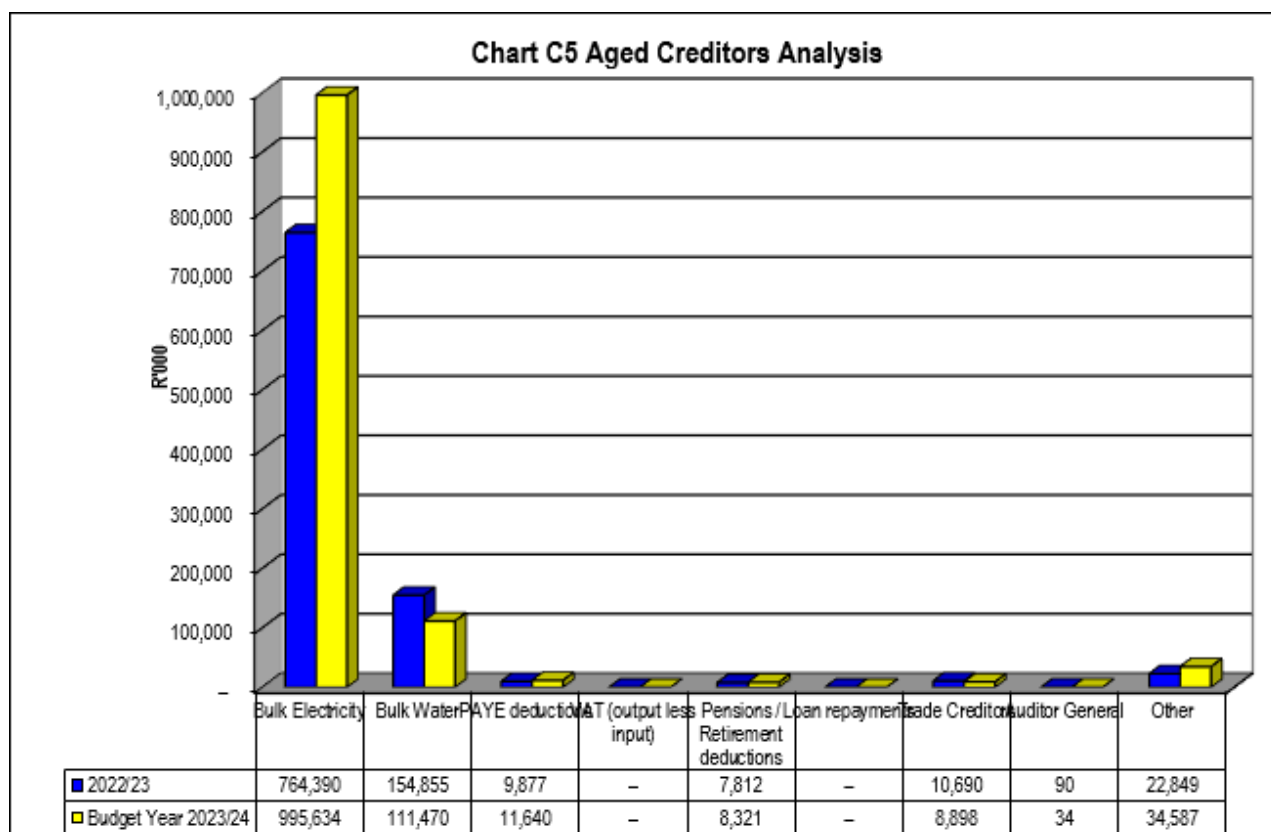


Chart 13: Aged Creditors Analysis

It should be noted that comparative figure for 2022/23 is based on the outstanding creditors as at 31 January 2023 (prior year totals for the same period).

Bulk Electricity – As at the 31 January 2024, the outstanding debt owed to Eskom amounted to R995,634 million. The current agreement with Eskom is that the municipality must settle its monthly current account. As per the Debt Relief approval, the municipality must enter into a payment arrangement with Eskom for the debt that accumulated after March 2023. This proposal was submitted to Eskom for approval.

Bulk Water – As at the 31 January 2024, the outstanding debt owed to DWS is R111,470 million. A payment agreement with DWS for the 2022/23 financial year has been concluded for a period of 24 months and the municipality is participating in the Incentive scheme that the Department is providing to municipalities. All invoices for 2022/23 financial year were settled in full.

PAYE and Pension statutory deductions are paid over monthly to the relevant institutions on or before seventh of the new month.

VAT – after the monthly VAT reconciliation, we claimed an amount of R11,956 million from SARS.

Trade creditors are all suppliers registered on the municipality's database and it is a prerequisite for these suppliers to be registered on the Central Supplier Database (CSD).

Auditor General – the current account due to the AGSA is R34 thousand.

Other creditors – includes Sundry creditors which were unpaid as at 31 January 2024 of which the biggest contributor is other third party salary payments amounting to R17,619 million which was paid by 7 January 2024.

9. Investment portfolio analysis

The market value of the investment portfolio has been utilized and for the period ending 31 January 2024, the value of total investments made was R165,109 million including interest. Investment top-ups for the month under review amounted to zero rand, while an amount of R948 thousand was partially or prematurely withdrawn. The disclosure of interest has to be discussed with NT so that the municipality can align interest received to the data strings, whilst NT must provide guidance of the YTD accrued interest that are not yet reflected in the books. This exercise is normally performed during year-end procedures. Please note that the investments are committed and/or held for the following reasons:

Purpose	R'000
A fixed deposit that was invested and ceded to Development Bank of South Africa representing the equivalent of one instalment of the long-term loan.	21,436
A fixed deposit that was made as a security to the Self-Insurance Workman Compensation reserve as required by the Department of Labour - Compensation Commissioner.	7,838
Unspent capital grant receipts that were invested for the current year.	70,595
The investment account set aside for ESKOM and DWS.	100
Own funds invested	65,140
Total	165,109

NC091 Sol Plaatje - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M07 January

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate *	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial /	Investment Top Up	Closing Balance
		Yrs/Months										Premature Withdrawal (4)		
R thousands														
Municipality														
First National Bank 62776321293		6 months	Call a/c	No	Variable	5.2	0			5,500	37	(37)	-	5,500
Investec 1400093272500		6 months	Call a/c	No	Variable	5.35	0			600	4	(4)	-	600
Standard Bank 04846627-014		6 months	Call a/c	No	Variable	5.5	0			5,000	33	(33)	-	5,000
Absa Bank 92 7195 3033		6 months	Call a/c	No	Variable	4.3	0			5,599	34	(34)	-	5,599
Absa Bank - 9382218821		Monthly	Call a/c	No	Fixed	8.90%	0	n/a		78,865	596	(596)	-	78,865
Standard Bank 048466271-089		6 months	Call a/c	No	Variable	6.9	0			99	0	-	-	100
Nedbank 9002324052		6 months	Call a/c	Yes	Variable	5.25	0		2019/06/06	5,136	35	-	-	5,171
Absa Bank 20-6295-4443		12 months	Notice	Yes	Fixed	7.40%	0		2023/06/28	7,787	51	-	-	7,838
Standard Bank - 048466271-087		48 hours	Notice	No	Variable	8.80%	0		2023/08/31	35,000	245	(245)	-	35,000
Standard Bank 048466271-086		12 months	Notice	No	Fixed	9.03%	0		2023/11/10	(0)	-	-	-	(0)
Standard Bank 048466271-088		12 months	Notice	No	Fixed	970.00%	0		2024/11/10	21,269	167	-	-	21,436
Municipality sub-total										164,855		(948)	-	165,109

Table 12: Supporting Table SC5: Investment portfolio

Chart 14: Call investment deposits incl interest for the period ending 31 January 2024

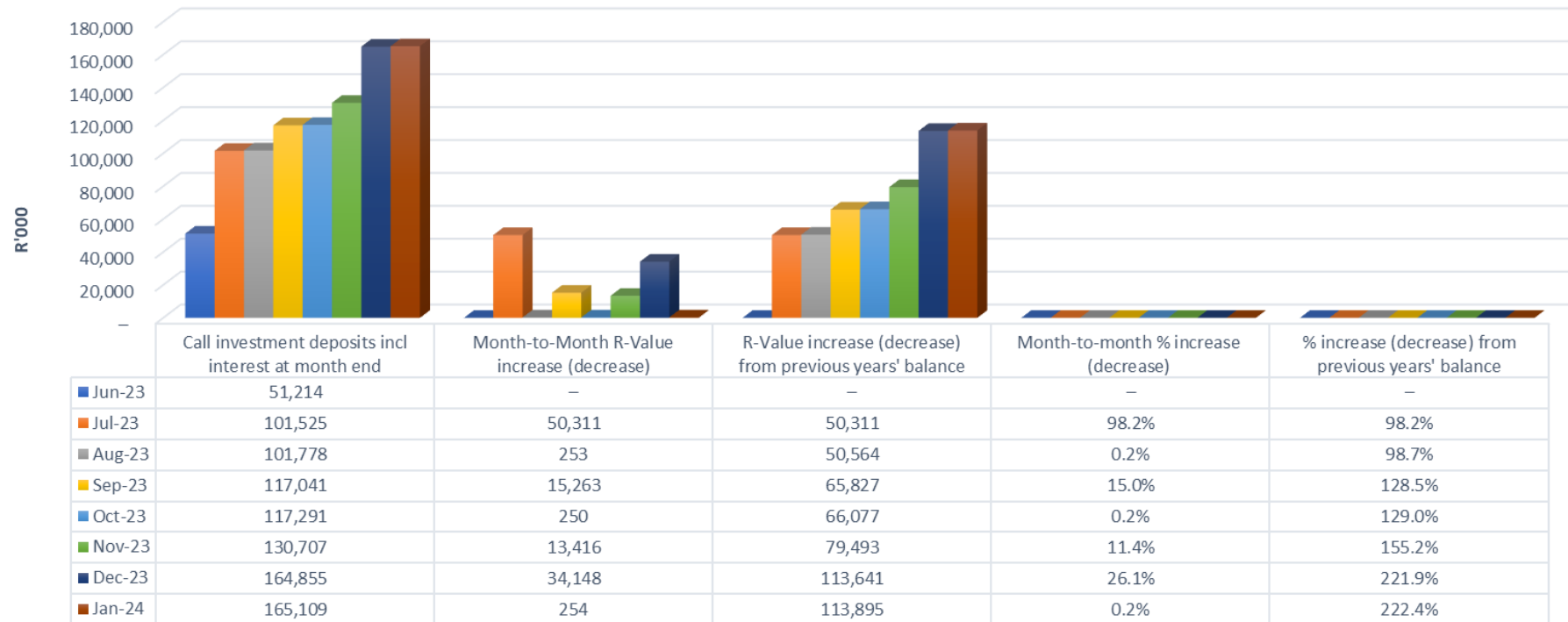


Chart 14: Call investment deposits at month-end

As indicated in the Chart 5 above from December 2023 to January 2024 investments incl interest increased by R254 thousand or 0.2%, in respect of the month-to-month comparison. Investments increased by R113,895 million or 222.4% when compared to the previous years' balance of R51,214 million. Various commitments must be met monthly including Salaries, Bulk Electricity, Bulk Water in the billing period and capital expenditure. The majority of staff receive their annual bonuses in December of each year. Bi-annual long-term loan repayments, in December and June of each year. The non-charging of the basic charge for the 2018/19 financial year for domestic consumers also had a negative impact on the income from Sale of Electricity and thus negatively affecting the municipality's cash flow. The movement on investments should be monitored going forward and a concerted effort should be done to collect current and long outstanding debt. Capital and Operational expenditure overall, also needs to be reviewed and prioritised.

10. Allocation and grant receipts and expenditure

Operational and Capital Grants: Receipts

NC091 Sol Plaatje - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M07 January

Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		248,673	273,621	273,621	11	195,448	159,612	35,836	22.5%	273,621
Energy Efficiency and Demand Side Management Grant		-	-	-	-	-	-	-	-	-
Equitable Share		239,158	263,135	263,135	-	190,119	153,495	36,624	23.9%	263,135
Expanded Public Works Programme Integrated Grant		3,959	3,286	3,286	-	3,286	1,917	1,369	71.4%	3,286
Infrastructure Skills Development Grant		3,856	5,500	5,500	-	1,923	3,208	(1,285)	-40.1%	5,500
Local Government Financial Management Grant		1,700	1,700	1,700	11	120	992	(872)	-87.9%	1,700
Municipal Disaster Relief Grant	3	-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant		-	-	-	-	-	-	-	-	-
Municipal Systems Improvement Grant		-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
Provincial Government:		15,984	8,300	8,300	-	-	4,842	(4,842)	-100.0%	8,300
Capacity Building and Other Grants		9,684	8,300	8,300	-	-	4,842	(4,842)	-100.0%	8,300
Infrastructure Grant		6,300	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
European Union		-	-	-	-	-	-	-	-	-
Higher Education SA (HESA)		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	264,657	281,921	281,921	11	195,448	164,454	30,994	18.8%	281,921
Capital Transfers and Grants										
National Government:		108,149	214,233	214,233	5,051	37,198	124,969	(87,771)	-70.2%	214,233
Energy Efficiency and Demand Side Management Grant		4,000	4,000	4,000	-	4,000	2,333	1,667	71.4%	4,000
Integrated National Electrification Programme Grant		24,400	48,026	48,026	1,529	5,163	28,015	(22,852)	-81.6%	48,026
Integrated Urban Development Grant		70,390	74,207	74,207	3,522	20,151	43,287	(23,137)	-53.4%	74,207
Municipal Infrastructure Grant		-	-	-	-	-	-	-	-	-
Neighbourhood Development Partnership Grant		-	2,000	2,000	-	-	1,167	(1,167)	-100.0%	2,000
Regional Bulk Infrastructure Grant		-	86,000	86,000	-	7,884	50,167	(42,282)	-84.3%	86,000
Water Services Infrastructure Grant		9,359	-	-	-	-	-	-	-	-
Provincial Government:		3,387	-	-	-	-	-	-	-	-
Infrastructure Grant		3,387	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
European Union		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	111,536	214,233	214,233	5,051	37,198	124,969	(87,771)	-70.2%	214,233
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	376,193	496,154	496,154	5,061	232,647	289,423	(56,776)	-19.6%	496,154

Table 13: Supporting Table SC6: Transfers and grant receipts

Operational grant monies received for the month under review.

ISDG – R2,000 million

FBDM – R147 thousand

Capital grant monies received for the month under review.

EEDSM – R1,000 million

There are some mapping errors pertaining to operational and capital grants. This was brought to the attention of our financial system vendor and the matter is being investigated to find a solution. Capital grants specifically is allocated to the Statement of Financial Position as receipts and is not mapped to the C-schedule. However, on a monthly basis journals are processed to recognize capital grant receipts in the Statement of Financial Performance, once all conditions of the grant have been met.

Operational and Capital Grants: Expenditure

NC091 Sol Plaatje - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M07 January

Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		123,170	141,242	221,511	11,405	120,767	129,204	(8,437)	-6.5%	221,511
Equitable Share		112,671	130,756	211,019	11,242	119,249	123,084	(3,835)	-3.1%	211,019
Expanded Public Works Programme Integrated Grant		4,943	3,286	3,287	53	205	1,917	(1,712)	-89.3%	3,287
Infrastructure Skills Development Grant		3,856	5,500	5,500	87	1,193	3,208	(2,016)	-62.8%	5,500
Local Government Financial Management Grant		1,700	1,700	1,705	23	120	995	(874)	-87.9%	1,705
Municipal Disaster Relief Grant		-	-	-	-	-	-	-	-	-
Provincial Government:		11,438	8,300	10,120	5,583	7,682	5,901	1,781	30.2%	10,120
Capacity Building and Other Grants		8,500	8,300	8,320	5,525	5,969	4,851	1,118	23.1%	8,320
Infrastructure Grant		2,938	-	1,800	58	1,713	1,050	663	63.2%	1,800
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
European Union		-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:		134,609	149,542	231,631	16,988	128,449	135,105	(6,656)	-4.9%	231,631
Capital expenditure of Transfers and Grants										
National Government:		96,392	214,233	214,233	5,269	39,159	124,969	(85,811)	-68.7%	214,233
Energy Efficiency and Demand Side Management Grant		4,000	4,000	4,000	-	3,943	2,333	1,610	69.0%	4,000
Integrated National Electrification Programme Grant		22,829	48,026	48,026	400	5,480	28,015	(22,535)	-80.4%	48,026
Integrated Urban Development Grant		61,424	74,207	74,207	4,868	21,851	43,287	(21,437)	-49.5%	74,207
Municipal Infrastructure Grant		-	-	-	-	-	-	-	-	-
Neighbourhood Development Partnership Grant		-	2,000	2,000	-	-	1,167	(1,167)	-100.0%	2,000
Regional Bulk Infrastructure Grant		-	86,000	86,000	-	7,884	50,167	(42,282)	-84.3%	86,000
Water Services Infrastructure Grant		8,138	-	-	-	-	-	-	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
European Union		-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		96,392	214,233	214,233	5,269	39,159	124,969	(85,811)	-68.7%	214,233
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		231,000	363,775	445,864	22,257	167,608	260,074	(92,466)	-35.6%	445,864

Table 14: Supporting Table SC7(1): Transfers and grant expenditure

The municipality is experiencing huge challenges in respect of funding for the EPWP which is not sufficient and this is putting strain on the municipality's finances. The total YTD expenditure is R16,977 million. For reporting purposes to NT and the Dept of Public Works, the municipality is only expected to report up until the allocation amount. The current years' gazetted allocation for the EPWP is R3,286 million. In addition to this, the municipality budgeted R15,000 million for this programme.

Description (R'000)	Original Budget	Prelim Adjustment Budget	Monthly Actual	YTD Actual	Commitments	% Spent Original	% Spent Adj Budget
INEP (INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT)	48,026	48,026	400	5,480	5,756	11.4%	11.4%
IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)	74,207	74,207	4,868	21,851	12,383	29.4%	29.4%
EEDSM (ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT)	4,000	4,000	-	3,943	-	98.6%	98.6%
NDPG (NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT)	2,000	2,000	-	-	-	0.0%	0.0%
RBIG (REGIONAL BULK INFRASTRUCTURE GRANT)	86,000	86,000	-	7,884	5,625	9.2%	9.2%
Grand Total	214,233	214,233	5,269	39,159	23,765	18.3%	18.3%

Table 15: Summary of expenditure per grant

As indicated in Table 15 above, the YTD grant expenditure amounts to R39,159 million or 18.3% spent against the Original capital grant allocation of R214,233 million. Capex is usually slow for the first quarter mainly as a result of finalization of procurement processes and/or work still in progress. It remains concerning that YTD capital expenditure is so low. It should be noted that grant expenditure excludes VAT which will be recognized at year-end in the Statement of Financial performance, when all conditions of the grant have been met. Capex also excludes Commitments. Please refer to Section 4.3 in the Executive Summary which highlights some of the factors that negatively influences the delay in grant expenditure.

Sol Plaatje (NC091): Monthly Budget Statement: S71 Monthly Report: January 2024

Rollover Grants: Expenditure

The rollover request for the 2022/23 financial year was declined as per the letter received from National Treasury. Below is an extract of the rollover letter.

“Your request to roll over the unspent amount of **R7.2 million** into the 2023/24 financial year by your municipality is not approved in terms of 21(2) of the 2022 Division of Revenue Amendment Act, (Act No. 15 of 2022) (DoRAA). The rejection is with respect to the Infrastructure Skills Development Grant (R1.6 million) (ISDG) and Water Services Infrastructure Grant (R5.6 million) (WSIG).

The National Treasury in assessing your roll over request used the criteria set out in Circular No. 123 of the Municipal Finance Management Act, 2003 (Act No.56 of 2003) as a guide for the consideration of the roll over submission by your municipality.

The decision to reject your roll over request is based on the following reasons:

- The municipality did not submit supporting documents for the ISDG as outlined in the circular, i.e., copies of appointment letters of contractors and tender documents; and
- With regards to WSIG, the contractor left site as per your letter.

Your municipality is reminded that the Municipal Council does not have the legal authority to decide on the use of Conditional Grant transfers from National Government outside of the legal framework set out in the annual Division of Revenue Act and its various gazettes.”

[Table 16: Supporting Table SC7\(2\) - Expenditure against approved rollovers](#)

Table 16 is not populated because the municipality’s rollover request was declined.

11. Councillor and board member allowances and employee benefits

NC091 Sol Plaatje - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M07 January

Summary of Employee and Councillor remuneration	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages										
Pension and UIF Contributions		882	-	-	85	640	-	640	#DIV/0!	-
Medical Aid Contributions		425	-	-	48	285	-	285	#DIV/0!	-
Motor Vehicle Allowance										
Cellphone Allowance		3,040	2,938	2,938	255	1,724	1,714	10	1%	2,938
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		27,876	32,621	32,621	2,413	18,270	19,029	(759)	-4%	32,621
Sub Total - Councillors		32,224	35,559	35,559	2,801	20,919	20,743	176	1%	35,559
% increase	4		10.3%	10.3%						10.3%
Senior Managers of the Municipality										
Basic Salaries and Wages	3	6,702	8,158	8,158	484	3,167	4,759	(1,592)	-33%	8,158
Pension and UIF Contributions		969	1,558	1,558	32	275	909	(634)	-70%	1,558
Medical Aid Contributions		233	215	215	14	122	125	(3)	-3%	215
Overtime										
Performance Bonus										
Motor Vehicle Allowance		1,534	1,985	1,985	86	636	1,158	(522)	-45%	1,985
Cellphone Allowance		132	202	202	8	59	118	(59)	-50%	202
Housing Allowances		28	26	26	2	14	15	(1)	-10%	26
Other benefits and allowances										
Payments in lieu of leave										
Long service awards		44	46	46	1	8	27	(19)	-70%	46
Post-retirement benefit obligations	2									
Entertainment										
Scarcity										
Acting and post related allowance										
In kind benefits										
Sub Total - Senior Managers of Municipality		9,643	12,190	12,190	627	4,281	7,111	(2,830)	-40%	12,190
% increase	4		26.4%	26.4%						26.4%
Other Municipal Staff										
Basic Salaries and Wages		433,826	475,973	466,208	37,662	266,993	272,404	(5,412)	-2%	466,208
Pension and UIF Contributions		79,050	91,654	91,654	6,983	49,099	53,465	(4,367)	-8%	91,654
Medical Aid Contributions		50,925	59,955	59,955	5,643	38,172	34,974	3,198	9%	59,955
Overtime		69,383	47,280	47,280	7,199	47,977	27,580	20,396	74%	47,280
Performance Bonus		30,249	36,505	36,505	813	22,772	21,295	1,477	7%	36,505
Motor Vehicle Allowance		42,089	50,649	50,649	3,628	25,366	29,545	(4,179)	-14%	50,649
Cellphone Allowance		1,456	2,054	2,054	139	962	1,198	(236)	-20%	2,054
Housing Allowances		2,737	2,866	2,866	266	1,705	1,672	33	2%	2,866
Other benefits and allowances		20,261	19,589	29,355	2,558	25,363	16,674	8,689	52%	29,355
Payments in lieu of leave		14,403	15,000	15,000	3,392	10,871	8,750	2,121	24%	15,000
Long service awards		27,890	26,922	26,922	2,446	18,150	15,705	2,445	16%	26,922
Post-retirement benefit obligations	2	39,393	41,000	41,000	-	-	23,917	(23,917)	-100%	41,000
Entertainment										
Scarcity										
Acting and post related allowance										
In kind benefits										
Sub Total - Other Municipal Staff		811,663	869,447	869,447	70,730	507,430	507,180	250	0%	869,447
% increase	4		7.1%	7.1%						7.1%
Total Parent Municipality		853,530	917,196	917,196	74,158	532,630	535,034	(2,404)	0%	917,196
TOTAL SALARY, ALLOWANCES & BENEFITS		853,530	917,196	917,196	74,158	532,630	535,034	(2,404)	0%	917,196
% increase	4		7.5%	7.5%						7.5%
TOTAL MANAGERS AND STAFF		821,306	881,637	881,637	71,357	511,711	514,291	(2,580)	-1%	881,637

Table 17: Supporting Table SC8: Councillor and staff benefits

As depicted in Table 17 above, Employee related costs is satisfactory and showing a variance of close to minus 1%. Post-retirement benefit obligations will be finalized as part of year-end procedures. It should be noted that the disclosure under Performance bonus, is the annual bonuses or 13th cheques that is budgeted for and paid out to employees. This is not subject to any performance appraisal. Individuals do act on positions from time to time, but all such acting allowances forms part of the basic salary line item. Councillors Remuneration is showing a satisfactory variance of 1% when compared to the YTD Budget. The gazette on the Determination of Upper limits of salaries, allowances and benefits of different members of municipal councils was issued and implemented accordingly.

Management needs to do more to address the issues on Overtime which is higher than the ideal IYM percentage. For reporting purposes on Overtime, the municipality is only concentrating on (Overtime Structured and Non-structured). However, as per NT mapping Night-shift allowance and Payments - Shift Add Remuneration is also mapped to Overtime.

The Overtime controls is not effective and the desired outcome to remain within budget, was not achieved for 2022/23 financial year. The same trend is transpired for the current year. Overtime can be monitored by implementing more stringent control measures. The municipality should also ensure that critical positions to compliment capacity on the ground is expedited and filled with qualified personnel. The lack of capacity in certain departments, like Water services and the severe service delivery challenges is negatively impacting on the management of Overtime expenditure. Overtime hours were limited to 30 hours per month within most departments, but this control has been abolished, negatively contributing to the overall Overtime expenditure. The Overtime policy was developed and approved by Council. There are some challenges with the implementation, especially pertaining to time-off in lieu of Overtime remuneration.

And indicated in Table 21 below, is the YTD Overtime expenditure per line item and also per Directorate as at end of January 2024.

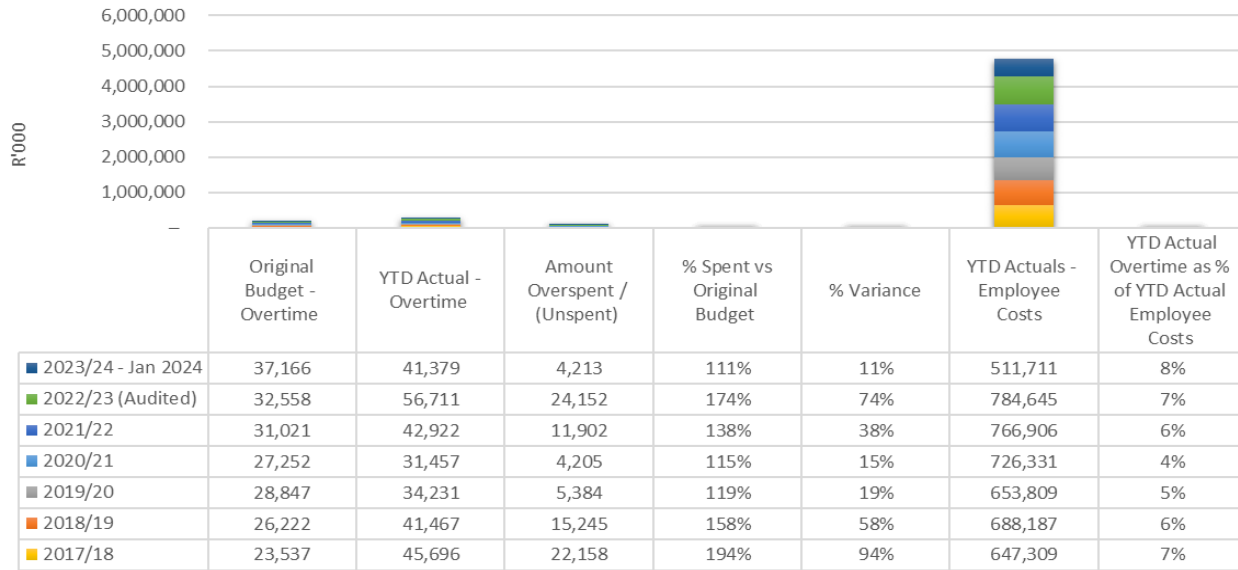
Description per line item (Amount in Rand)	Sum of Original Budget	Sum of Monthly Actual	Sum of YTD Actual	% Spent Original Budget	Original Variance IYM % - 58.33%
MS: OVERTIME - NON STRUCTURED	28,662,000	6,057,313	39,986,247	139.5%	81.2%
MS: OVERTIME - STRUCTURED	8,504,033	236,523	1,392,774	16.4%	-42.0%
Overtime as at 31 January 2024	37,166,033	6,293,837	41,379,021	111.3%	53.0%

Directorate (Amount in Rand)	Sum of Original Budget	Sum of Monthly Actual	Sum of YTD Actual	% Spent Original Budget	Original Variance IYM % - 58.33%
20-EXECUTIVE AND COUNCIL	282,000	25,646	393,853	139.7%	81.3%
21-MUNICIPAL AND GENERAL	-	-	-	-	-58.3%
22-MUNICIPAL MANAGER	-	2,425	25,058		
23-CORPORATE SERVICES	1,870,000	373,770	2,361,533	126.3%	68.0%
24-COMMUNITY SERVICES	14,740,033	2,117,017	11,657,987	79.1%	20.8%
26-FINANCIAL SERVICES	521,000	204,290	1,490,058	286.0%	227.7%
27-STRATEGY, ECONOMIC DEVELOPMENT & P	747,000	102,444	889,876	119.1%	60.8%
28-INFRASTRUCTURE SERVICES	19,006,000	3,468,244	24,560,657	129.2%	70.9%
Overtime as at 31 January 2024	37,166,033	6,293,837	41,379,021	111.3%	53.0%

Table 18: Current YTD Overtime expenditure excl Night-shift allowance

Overtime was capped at 30 hours across most units within the municipality, but this has since been abolished. The YTD Overtime expenditure is 111.3% spent versus the budget, resulting in a negative variance of 53% for the period under review, when compared to the ideal IYM percentage of 58.33%.

Chart 14.1: Overtime Actual vs Budget - 2017/18 to 2023/24



Indicated in Chart 14.1, is the actual Overtime versus Budget from 2017/18 to 2023/24 financial year, disclosing the percentage spent and the amount overspent/unspent per financial year. The chart also articulates the actual Overtime as a percentage of Total Employee costs for the same period.

Indicated in Chart 14.2 is the monthly and annual Overtime comparison from July 2018 to December 2023. There has been a substantial decrease in Overtime expenditure from 2018/19 to 2020/21. As reiterated, controls to curb Overtime is no longer as effective and the YTD actual for 2022/23 financial year was R56,711 million. Serious remedial action will have to be implemented to reduce Overtime expenditure.

Chart 14.1: Overtime Actual vs Budget

Chart 14.2: Monthly and Annual Overtime Comparison - Jul 2018 to Jan 2024

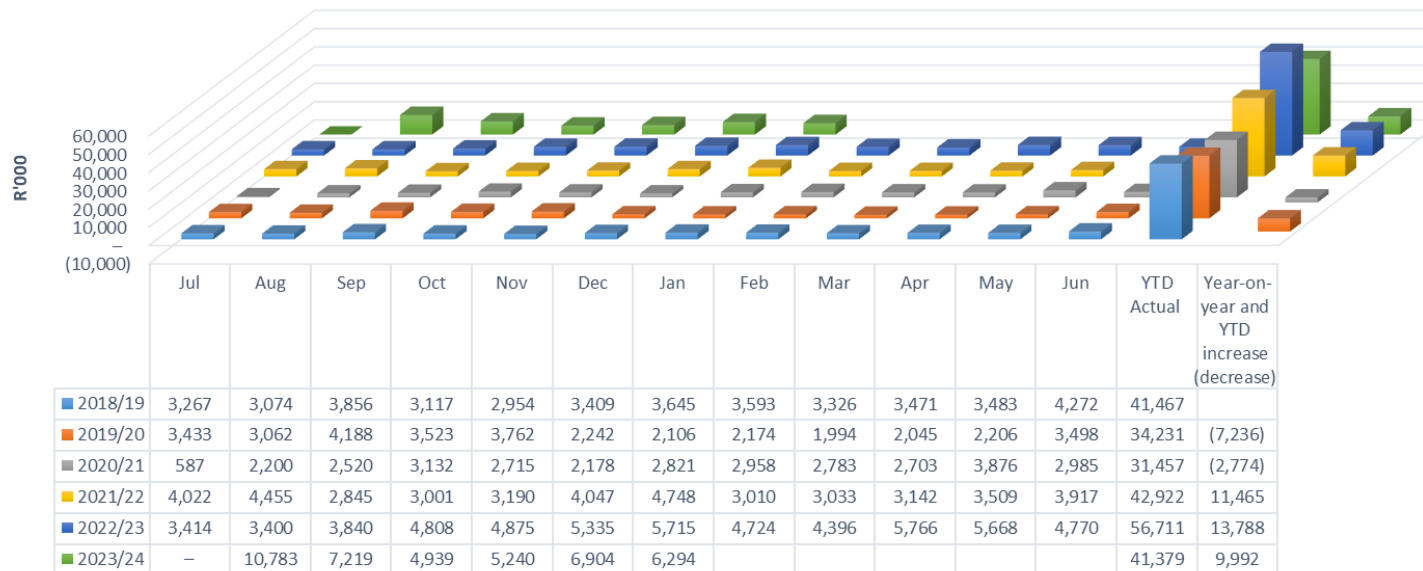


Chart 14.2: Monthly and Annual Overtime Comparison

The BTO office recommended the following precautionary measures.

- The monitoring of daily tasks/assignments. This means that work that can be done during normal working hours should be monitored closely. Ideally, put emphasis on performance and especially the quality of work done.
- Finding means to actually verify work performed, even if this means that for the first few questionable overtime work that managers/supervisors actually go out to the site, if possible.
- Using the vehicle tracking reports to ascertain the timespan at a particular site.
- Making sure that the hours claimed are legitimate and is actually consistent and correlates to the normal estimated time to complete a job of a similar nature.
- Request a detailed description of the nature of work done and insist on the exact site where work was performed being specified.
- Ensure that managers remain vigilant and question hours claimed and not just sign Overtime forms. We believe that this will make workers more aware that they cannot just claim hours like they did in the past.
- Stopping planned Overtime, unless it is to avoid major shutdowns or service interruptions.
- The adherence to the Overtime Policy stipulations, is imperative in order to address the issues on overtime.

Listed below are the challenges with regard to Overtime which was identified during the 2012/13 MTREF

- Ensuring accountability across all directorates and ensuring that Executive directors, Line Managers and Supervisors take full responsibility
- Identify and investigate possible abuse and alleged fraudulent allegations and taking disciplinary action, where applicable
- Ensuring the compliance and adherence to applicable laws and regulations and internal policies
- Approval of Overtime prior to it being incurred
- Inability to manage overtime proactively
- To remain within the budgeted Overtime
- Curbing / Limiting / Curtailing expenditure on Overtime
- Monitoring expenditure on Overtime
- Utilizing the available workforce optimally
- Unduly compromising or hampering service delivery, which basically means that work that could have been done during normal hours is deliberately delayed so that work can be finalized after hours
- Implementing an alternative method of compensation
- Addressing the immediate infrastructure maintenance requirements, specifically addressing preventative maintenance
- Ensuring and enhancing the lifespan of Property, plant and equipment
- Improve both the personal productivity of individual employees and the overall productivity of departments and the entire municipal system
- Difficult to track departmental overtime on more than a monthly or even quarterly basis, by then it's too late to take meaningful action to minimize overtime costs

12. Material variances to the service delivery and budget implementation plan

Material variances pertaining to financial performance are primarily addressed in the Executive summary under Sections 4.1 to 4.3 or emphasised elsewhere in this Monthly Budget Statement. Any other material variances to the SDBIP will be included in the quarterly Section 52 (d) report for the period ending 31 March 2024.

13. Capital programme performance

Please refer to notes on Capital Expenditure in the Executive Summary. Section 4.3.

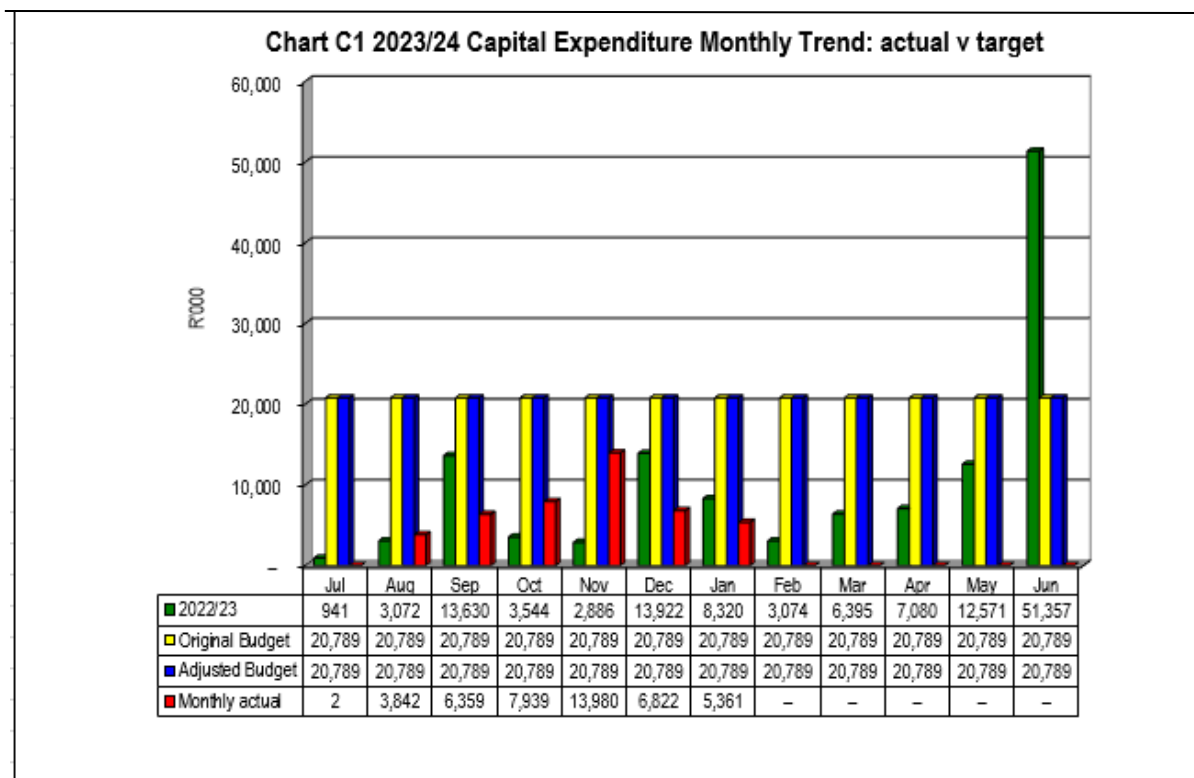


Chart 15: Capital Expenditure Monthly Trend: actual v target

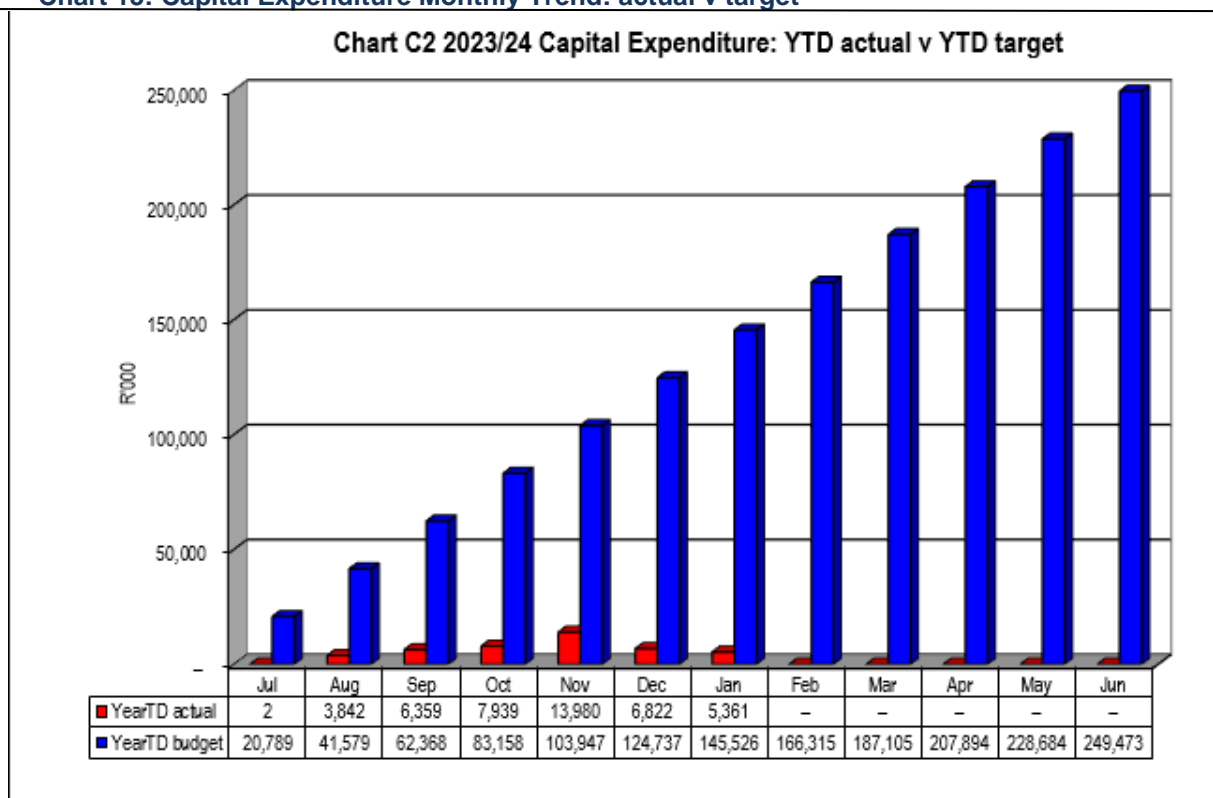


Chart 16: Capital Expenditure: YTD actual vs YTD target

Projects per funding source (R'000)	Sum of Original Budget	Sum of Prelim Adjustment Budget	Sum of Monthly Actual	Sum of YTD Actual	Sum of Commitment	Sum of % Original Budget	Sum of % Prelim Adj Budget
INEP (INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT)	48,026	48,026	400	5,480	5,756	11.41%	11.41%
ASHNURN/COLVILLE UPGRADES	1,500	1,500	-	-	-	0.00%	0.00%
ELECTRIFIC LERATO PARK LINK SERV NETWORK	7,900	7,900	-	-	-	0.00%	0.00%
ELECTRIFICATION LETABO PARK	12,680	12,680	400	4,880	-	38.49%	38.49%
ELECTRIFICATION WITDAM -138	900	900	-	-	-	0.00%	0.00%
RONALD'S VLEI SWITCH HOUSE NO.1	1,500	1,500	-	600	119	40.01%	40.01%
UPGRADE HADISON PARK 66/11 KV SUBSTATION	23,546	23,546	-	-	5,637	0.00%	0.00%
INTERNALLY GENERATED FUNDS	35,240	35,240	93	5,146	9,164	14.60%	14.60%
ACQ-COMPUTER EQUIPMENT REPLACEMENT	4,500	4,500	55	68	94	1.52%	1.52%
ACQ-FLEET REPLACEMENT	5,000	5,000	-	-	3,948	0.00%	0.00%
ACQ-FURNITURE AND OFFICE EQUIP REPLACEM	3,000	3,000	-	-	-	0.00%	0.00%
CAPITAL SPARES-ACQ-PREPAID METERS	2,000	2,000	-	174	-	8.69%	8.69%
DSITRBUTION-ACQ-WAT METER REPLACEMENT	2,000	2,000	-	-	-	0.00%	0.00%
EMERGENCY LEAK REPAIR ON 6 MAJOR LEAKS	169	169	-	-	-	0.00%	0.00%
EMERGENCY METER INSTALLATIONS (PHASE 1)	6,225	6,225	-	3,850	-	61.84%	61.84%
MR LEAK AND SLEAK DATA SYSTEM	880	880	-	-	-	0.00%	0.00%
NEW WTP MAJOR REFURBISH&AND BUILD WORKS	1,306	1,306	-	-	-	0.00%	0.00%
NEW WTW FILTER REFURBISH&BACKWASH SYSTEM	502	502	-	-	-	0.00%	0.00%
OLD WTP MAJOR REFURBISH AND BUILD WORKS	468	468	-	-	-	0.00%	0.00%
PIPE CONDITION ASSESS AND CATHOD PROTECT	1,849	1,849	-	122	-	6.58%	6.58%
SMARTBALL LEAK DETECTION	5,848	5,848	-	725	5,123	12.40%	12.40%
WEST BYPASS LEAK REPAIRS AND REFURBISH	293	293	-	-	-	0.00%	0.00%
WSDP DEVELOPMENT	1,200	1,200	38	207	-	17.24%	17.24%
IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)	74,207	74,207	4,868	21,851	12,383	29.45%	29.45%
P-CIER RDS ROADS	20,000	20,000	2,535	5,074	4,652	25.37%	25.37%
PHDA PLANNING & SURVEYING	10,000	4,057	-	-	-	0.00%	0.00%
TOWNSHIP ESTABLISHMENT VARIOUS WARDS	5,000	5,000	100	1,684	-	33.67%	33.67%
UPGRADE GRAVEL ROADS WARDS VARIOUS	20,000	20,000	2,233	10,865	6,016	54.32%	54.32%
WATER PIPES REFURB PROG VARIOUS WARDS	19,207	19,207	-	-	-	0.00%	0.00%
LERATOPARK SEWER UPGRAD DOWNSTREAM INFRA	-	5,943	-	4,228	1,715	#DIV/0!	71.15%
EEDSM (ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT)	4,000	4,000	-	3,943	-	98.58%	98.58%
EEDSM PROJECTS	4,000	4,000	-	3,943	-	98.58%	98.58%
NDPG (NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT)	2,000	2,000	-	-	-	0.00%	0.00%
ACQ STORMWAT PROJ-STORWAT CHANNEL GALASH	2,000	2,000	-	-	-	0.00%	0.00%
RBIG (REGIONAL BULK INFRASTRUCTURE GRANT)	86,000	86,000	-	7,884	5,625	9.17%	9.17%
EAST BYPASS REPLACE OF CORRODE10KM LINE	5,069	5,069	-	-	-	0.00%	0.00%
EASTERN BYPASS REPAIR COATING AND REFURB	2,820	2,820	-	-	-	0.00%	0.00%
KBY BULK METERS & PRESSURE MANAGEMENT	767	767	-	467	-	60.86%	60.86%
KBY NETWORK LEAK DETECTION & REPAIR PH 1	4,532	4,532	-	63	-	1.39%	1.39%
KBY NETWORK LEAK DETECTION & REPAIR PH 2	4,843	4,843	-	-	-	0.00%	0.00%
NEW WTP CLHORINE & DOSING WORKS UPGRADE	10,628	10,628	-	1,149	-	10.81%	10.81%
NEWTOWN RESERVOIR EMERGENCY LEAK REPAIRS	4,725	4,725	-	-	-	0.00%	0.00%
OLD WTP CLHORINE & DOSING WORKS UPGRADE	16,598	16,598	-	1,803	-	10.86%	10.86%
POWER; ABSTRACTION & PUMPSTATION REPAIRS	9,487	9,487	-	470	-	4.95%	4.95%
PROJECT MANAGEMENT	3,230	3,230	-	2,609	-	80.78%	80.78%
RITCHIE SUBZONE SMART METER INSTALL	107	107	-	-	-	0.00%	0.00%
RIVERTON TO MIDSTATION BULK PIPELINE REP	3,741	3,741	-	-	-	0.00%	0.00%
SMARTBALL SURVEY PRIORITY LEAK REPAIRS	12,955	12,955	-	1,029	-	7.94%	7.94%
WEST BYPASS REPLACE OF CORRODED SECTION	579	579	-	-	-	0.00%	0.00%
WTW OHS & SECURITY MANAGEMENT	5,920	5,920	-	294	5,625	4.97%	4.97%
Grand Total	249,473	249,473	5,361	44,304	32,929	17.76%	17.76%

Table 19: Detailed capital expenditure report

Indicated in Table 19 above, is a list of projects with the applicable funding source compared to the Original budget and preliminary adjustments budget. The total capex is normally slow during the start of the financial year. However, capital expenditure is extremely poor compared to prior years for the same period. Urgent intervention from management is required to remedy the situation. The actual monthly expenditure for January 2024 amounted to R5,361 million. The total YTD Capex amounts to R44,304 million. Please note that Commitments amounting to R32,929 million is excluded from the YTD actual. Capital expenditure is also exclusive of VAT. Overall spending on grants is extremely low. The percentage expenditure on IUDG (29.45%) and EEDSM is 98.58%, whilst INEP is 11.41% spent, RBIG 9.17% spent and NDPG is showing zero percent spent. Spending on Internally generated funds is also 14.60% spent. Implementation of projects is normally delayed due to the finalization of procurement processes. Payment certificates are settled once work is completed. Capex for the first quarter is normally slow for this reason, in that commencement of procurement processes is not aligned to the budget approval and specifications are not done early so that it can be advertised timeously.

14. Other supporting documents

No additional information or supporting documentation for January 2024.

15. Conclusion

This report meets the MFMA requirement for the Executive Mayor to receive the Section 71 'Monthly Budget Statement' within 10 working days after the end of the month.

Communication

In compliance to legislative requirements (Section 71 of the MFMA), this document is provided to all stakeholders by placing it on the Sol Plaatje municipal website: www.solplaatje.org.za or can be viewed or downloaded from the following link:

<http://www.solplaatje.org.za/Aboutus/Pages/Documents.aspx>

16. Annexures

Annexure A – Prescribed Tables in terms of GG 32141 of 17 April 2009

NC091 Sol Plaatje - Table C1 Monthly Budget Statement Summary - M07 January

Description	2022/23	Budget Year 2023/24							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	610,991	660,893	660,893	45,155	455,744	385,521	70,223	18%	660,893
Service charges	1,182,667	1,517,256	1,517,256	101,409	792,229	885,066	(92,836)	-10%	1,517,256
Investment revenue	8,550	-	-	-	-	-	-	-	-
Transfers and subsidies - Operational	8,550	7,000	7,000	1,396	6,124	4,083	2,041	50%	7,000
Other own revenue	612,144	534,455	534,455	34,529	422,545	311,765	110,780	36%	-
Total Revenue (excluding capital transfers and contributions)	2,422,901	2,719,604	2,719,604	182,490	1,676,642	1,586,435	90,207	6%	2,719,604
Employee costs	821,306	881,637	881,637	71,357	511,711	514,291	(2,580)		881,637
Remuneration of Councillors	32,224	35,559	35,559	2,801	20,919	20,743	176		35,559
Depreciation and amortisation	71,830	86,650	86,650	-	-	50,546	(50,546)		86,650
Interest	113,955	19,495	19,495	0	10,011	11,372	(1,361)		19,495
Inventory consumed and bulk purchases	937,060	1,090,900	1,091,080	86,736	643,520	636,389	7,131		1,091,080
Transfers and subsidies	2,599	4,560	4,560	-	2,422	2,660	(238)	-9%	4,560
Other expenditure	617,008	572,452	572,452	15,951	318,431	333,932	(15,502)	-5%	572,452
Total Expenditure	2,595,982	2,691,252	2,691,432	176,845	1,507,014	1,569,933	(62,919)	-4%	2,691,432
Surplus/(Deficit)	(173,081)	28,351	28,171	5,644	169,628	16,502	153,126	928%	28,171
Transfers and subsidies - capital (monetary)	108,149	214,233	214,233	5,051	37,198	124,969	###	-70%	214,233
Transfers and subsidies - capital (in-kind)	3,387	-	-	-	-	-	-		-
Surplus/(Deficit) after capital transfers & contributions	(61,545)	242,584	242,404	10,695	206,827	141,471	65,355	46%	242,404
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-		-
Surplus/ (Deficit) for the year	(61,545)	242,584	242,404	10,695	206,827	141,471	65,355	46%	242,404
Capital expenditure & funds sources									
Capital expenditure	126,016	249,473	249,473	5,361	44,304	145,526	(101,222)	-70%	249,473
Capital transfers recognised	96,392	214,233	214,233	5,269	39,159	124,969	(85,811)	-69%	214,233
Borrowing	-	-	-	-	-	-	-		-
Internally generated funds	29,624	35,240	35,240	93	5,146	20,557	(15,411)	-75%	35,240
Total sources of capital funds	126,016	249,473	249,473	5,361	44,304	145,526	(101,222)	-70%	249,473
Financial position									
Total current assets	2,304,408	3,472,014	3,472,014		2,698,515				3,472,014
Total non current assets	2,265,500	2,466,074	2,466,074		2,309,804				2,466,074
Total current liabilities	1,457,966	1,151,431	1,151,431		1,693,835				1,151,431
Total non current liabilities	416,743	443,824	443,824		410,208				443,824
Community wealth/Equity	2,694,412	4,342,835	4,342,835		2,904,276				4,342,835
Cash flows									
Net cash from (used) operating	(940,714)	238,844	238,844	18,670	138,374	139,326	951	1%	238,844
Net cash from (used) investing	(126,016)	(213,757)	(213,757)	(5,361)	(43,245)	(124,691)	(81,447)	65%	(213,757)
Net cash from (used) financing	-	(13,351)	(13,351)	91	1,248	(7,788)	(9,037)	116%	(13,351)
Cash/cash equivalents at the month/year end	(869,139)	210,043	210,043	-	205,914	205,153	(761)	-0%	121,272
Debtors & creditors analysis									
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	164,312	106,306	101,627	94,554	86,674	71,250	475,114	#####	3,740,293
Creditors Age Analysis									
Total Creditors	126,512	17,093	26,329	-	30,823	58,113	200,332	711,382	1,170,585

NC091 Sol Plaatje - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M07 January

Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
<i>Governance and administration</i>		1,180,153	1,271,802	1,271,802	62,405	780,334	741,884	38,450	5%	1,271,802
Executive and council		503,511	580,455	580,455	16,454	306,349	338,599	(32,250)	-10%	580,455
Finance and administration		676,642	691,347	691,347	45,950	473,985	403,286	70,700	18%	691,347
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		31,035	41,568	41,568	2,952	20,351	24,248	(3,897)	-16%	41,568
Community and social services		11,662	11,782	11,782	185	2,334	6,873	(4,539)	-66%	11,782
Sport and recreation		2,428	2,265	2,265	321	1,449	1,321	128	10%	2,265
Public safety		412	750	750	11	138	437	(299)	-68%	750
Housing		12,972	26,701	26,701	2,421	16,364	15,576	789	5%	26,701
Health		3,560	70	70	14	65	41	24	59%	70
<i>Economic and environmental services</i>		22,120	16,520	16,520	484	7,831	9,637	(1,806)	-19%	16,520
Planning and development		5,342	5,595	5,595	218	5,325	3,264	2,061	63%	5,595
Road transport		16,779	10,925	10,925	266	2,506	6,373	(3,867)	-61%	10,925
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		1,291,009	1,594,737	1,594,737	118,000	898,102	930,263	(32,161)	-3%	1,594,737
Energy sources		773,385	1,052,252	1,052,252	66,029	556,657	613,813	(57,157)	-9%	1,052,252
Water management		328,261	364,714	364,714	33,443	214,580	212,750	1,831	1%	364,714
Waste water management		108,190	101,358	101,358	10,378	71,559	59,126	12,433	21%	101,358
Waste management		81,173	76,413	76,413	8,150	55,305	44,574	10,731	24%	76,413
<i>Other</i>	4	10,121	9,210	9,210	3,699	7,223	5,372	1,851	34%	9,210
Total Revenue - Functional	2	2,534,437	2,933,837	2,933,837	187,540	1,713,841	1,711,405	2,436	0%	2,933,837
Expenditure - Functional										
<i>Governance and administration</i>		757,821	662,700	743,143	43,169	392,547	433,503	(40,956)	-9%	743,143
Executive and council		505,059	287,301	449,301	22,490	235,489	262,093	(26,604)	-10%	449,301
Finance and administration		247,373	368,723	287,166	20,244	153,790	167,516	(13,725)	-8%	287,166
Internal audit		5,389	6,676	6,676	435	3,267	3,894	(627)	-16%	6,676
<i>Community and public safety</i>		186,168	195,332	195,332	16,276	116,552	113,945	2,607	2%	195,332
Community and social services		45,511	49,529	49,529	3,651	27,966	28,892	(926)	-3%	49,529
Sport and recreation		59,539	56,350	56,350	5,688	38,300	32,871	5,429	17%	56,350
Public safety		41,055	42,115	42,115	3,371	25,217	24,567	650	3%	42,115
Housing		20,980	26,752	26,752	1,879	13,049	15,606	(2,557)	-16%	26,752
Health		19,082	20,586	20,586	1,687	12,020	12,009	11	0%	20,586
<i>Economic and environmental services</i>		138,729	256,194	175,751	15,273	92,373	102,522	(10,150)	-10%	175,751
Planning and development		42,376	132,278	51,835	3,640	26,718	30,238	(3,519)	-12%	51,835
Road transport		95,517	123,016	123,016	11,565	65,132	71,760	(6,628)	-9%	123,016
Environmental protection		836	900	900	69	523	525	(3)	0%	900
<i>Trading services</i>		1,490,202	1,551,892	1,552,072	100,345	891,644	905,301	(13,657)	-2%	1,552,072
Energy sources		963,125	1,031,152	1,031,152	68,548	591,551	601,506	(9,954)	-2%	1,031,152
Water management		349,874	341,800	341,980	18,538	194,626	199,414	(4,788)	-2%	341,980
Waste water management		104,093	102,527	102,527	7,710	61,397	59,808	1,589	3%	102,527
Waste management		73,110	76,413	76,413	5,550	44,070	44,574	(504)	-1%	76,413
<i>Other</i>		23,062	25,135	25,135	1,782	13,899	14,662	(764)	-5%	25,135
Total Expenditure - Functional	3	2,595,982	2,691,252	2,691,432	176,845	1,507,014	1,569,933	(62,919)	-4%	2,691,432
Surplus/ (Deficit) for the year		(61,545)	242,584	242,404	10,695	206,827	141,471	65,355	46%	242,404

NC091 Sol Plaatje - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M07 January

Vote Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	1									
Vote 01 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 02 - Municipal And General		503,511	580,455	580,455	16,454	306,349	338,599	(32,250)	-9.5%	580,455
Vote 03 - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 04 - Corporate Services		5,432	6,961	6,961	642	2,830	4,061	(1,231)	-30.3%	6,961
Vote 05 - Community Services		124,394	109,495	109,495	10,983	66,856	63,872	2,984	4.7%	109,495
Vote 06 - Financial Services		670,519	683,585	683,585	45,398	470,953	398,758	72,195	18.1%	683,585
Vote 07 - Strategy Econ Development And Planning		6,867	8,015	8,015	1,718	7,161	4,675	2,486	53.2%	8,015
Vote 08 - Infrastructure And Services		1,223,713	1,545,325	1,545,325	112,345	859,692	901,439	(41,747)	-4.6%	1,545,325
Vote 09 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	2,534,437	2,933,837	2,933,837	187,540	1,713,841	1,711,405	2,436	0.1%	2,933,837
Expenditure by Vote	1									
Vote 01 - Executive & Council		58,395	59,173	59,173	4,804	35,619	34,518	1,101	3.2%	59,173
Vote 02 - Municipal And General		434,595	214,468	376,468	16,786	188,519	219,606	(31,087)	-14.2%	376,468
Vote 03 - Municipal Manager		22,369	26,161	26,161	1,776	17,996	15,261	2,734	17.9%	26,161
Vote 04 - Corporate Services		68,169	81,959	81,959	5,820	41,854	47,810	(5,956)	-12.5%	81,959
Vote 05 - Community Services		299,548	312,712	312,712	24,830	184,601	182,417	2,184	1.2%	312,712
Vote 06 - Financial Services		131,248	237,712	156,155	10,607	82,964	91,091	(8,127)	-8.9%	156,155
Vote 07 - Strategy Econ Development And Planning		57,573	143,730	63,287	4,590	35,016	36,918	(1,902)	-5.2%	63,287
Vote 08 - Infrastructure And Services		1,524,086	1,615,337	1,615,517	107,632	920,445	942,312	(21,866)	-2.3%	1,615,517
Vote 09 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	2,595,982	2,691,252	2,691,432	176,845	1,507,014	1,569,933	(62,919)	-4.0%	2,691,432
Surplus/ (Deficit) for the year	2	(61,545)	242,584	242,404	10,695	206,827	141,471	65,355	46.2%	242,404

NC091 Sol Plaatje - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M07 January

Description	Ref	2022/23		Budget Year 2023/24						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue										
Exchange Revenue										
Service charges - Electricity		754,974	1,034,872	1,034,872	59,836	519,775	603,675	(83,900)	-14%	1,034,872
Service charges - Water		271,599	327,114	327,114	26,967	171,607	190,816	(19,210)	-10%	327,114
Service charges - Waste Water Management		89,203	89,858	89,858	8,072	56,156	52,417	3,738	7%	89,858
Service charges - Waste management		66,890	65,412	65,412	6,534	44,692	38,157	6,535	17%	65,412
Sale of Goods and Rendering of Services		13,750	15,579	15,579	2,978	11,874	9,088	2,786	31%	15,579
Agency services		-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-
Interest earned from Receivables		199,982	168,880	168,880	22,136	147,335	98,513	48,822	50%	168,880
Interest from Current and Non Current Assets		8,550	7,000	7,000	1,396	6,124	4,083	-	-	7,000
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		26,000	26,930	26,930	2,433	16,474	15,709	765	5%	26,930
Licence and permits		1,056	1,200	1,200	49	414	700	(286)	-41%	1,200
Operational Revenue		3,189	3,134	3,134	108	2,430	1,828	601	33%	3,134
Non-Exchange Revenue										
Property rates		610,991	660,893	660,893	45,155	455,744	385,521	70,223	18%	660,893
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		59,462	30,660	30,660	331	15,695	17,885	(2,190)	-	30,660
Licence and permits		7,965	6,150	6,150	2,030	5,022	3,587	1,434	-	6,150
Transfers and subsidies - Operational		264,657	281,921	281,921	11	195,448	164,454	30,994	-	281,921
Interest		-	-	-	-	-	-	-	-	-
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		4,037	-	-	4,442	26,784	-	26,784	#DIV/0!	-
Gains on disposal of Assets		5,891	-	-	-	1,059	-	1,059	-	-
Other Gains		34,705	-	-	11	11	-	11	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		2,422,901	2,719,604	2,719,604	182,490	1,676,642	1,586,435	90,207	6%	2,719,604
Expenditure By Type										
Employee related costs		821,306	881,637	881,637	71,357	511,711	514,291	(2,580)	-1%	881,637
Remuneration of councillors		32,224	35,559	35,559	2,801	20,919	20,743	176	1%	35,559
Bulk purchases - electricity		672,362	785,000	785,000	56,881	477,112	457,917	19,195	-	785,000
Inventory consumed		264,698	305,900	306,080	29,855	166,409	178,473	(12,064)	-	306,080
Debt impairment		378,747	317,500	317,500	-	158,750	185,208	(26,458)	-14%	317,500
Depreciation and amortisation		71,830	86,650	86,650	-	-	50,546	(50,546)	-100%	86,650
Interest		113,955	19,495	19,495	0	10,011	11,372	(1,361)	-12%	19,495
Contracted services		28,285	48,113	48,113	2,132	26,981	28,066	(1,085)	-4%	48,113
Transfers and subsidies		2,599	4,560	4,560	-	2,422	2,660	(238)	-9%	4,560
Irrecoverable debts written off		-	-	-	1	1	-	1	-	-
Operational costs		131,090	145,639	145,639	13,807	104,814	84,958	19,856	23%	145,639
Losses on Disposal of Assets		-	-	-	-	-	-	-	-	-
Other Losses		78,885	61,200	61,200	11	27,885	35,700	(7,816)	-	61,200
Total Expenditure		2,595,982	2,691,252	2,691,432	176,845	1,507,014	1,569,933	(62,919)	-4%	2,691,432
Surplus/(Deficit)		(173,081)	28,351	28,171	5,644	169,628	16,502	153,126	0	28,171
Transfers and subsidies - capital (monetary allocations)		-	-	-	-	-	-	-	-	-
		108,149	214,233	214,233	5,051	37,198	124,969	(87,771)	(0)	214,233
Transfers and subsidies - capital (in-kind)		3,387	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(61,545)	242,584	242,404	10,695	206,827	141,471			242,404
Income Tax		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		(61,545)	242,584	242,404	10,695	206,827	141,471			242,404
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(61,545)	242,584	242,404	10,695	206,827	141,471			242,404
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		(61,545)	242,584	242,404	10,695	206,827	141,471			242,404

NC091 Sol Plaatje - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M07 January

Vote Description	Ref	Budget Year 2023/24								
		2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 01 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 02 - Municipal And General		-	-	-	-	-	-	-	-	-
Vote 03 - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 04 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 05 - Community Services		-	-	-	-	-	-	-	-	-
Vote 06 - Financial Services		-	-	-	-	-	-	-	-	-
Vote 07 - Strategy Econ Development And Planning		8,996	10,000	4,057	-	-	3,192	(3,192)	-100%	4,057
Vote 08 - Infrastructure And Services		82,240	183,117	189,059	5,169	35,846	109,459	(73,613)	-67%	189,059
Vote 09 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	4,7	91,236	193,117	193,117	5,169	35,846	112,651	(76,805)	-68%	193,117
Single Year expenditure appropriation	2									
Vote 01 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 02 - Municipal And General		14,586	19,500	19,500	155	1,752	11,375	(9,623)	-85%	19,500
Vote 03 - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 04 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 05 - Community Services		-	-	-	-	-	-	-	-	-
Vote 06 - Financial Services		-	-	-	-	-	-	-	-	-
Vote 07 - Strategy Econ Development And Planning		-	-	-	-	-	-	-	-	-
Vote 08 - Infrastructure And Services		20,194	36,856	36,856	38	6,706	21,500	(14,794)	-69%	36,856
Vote 09 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	4	34,780	56,356	56,356	193	8,458	32,875	(24,417)	-74%	56,356
Total Capital Expenditure		126,016	249,473	249,473	5,361	44,304	145,526	(101,222)	-70%	249,473
Capital Expenditure - Functional Classification										
Governance and administration		14,586	19,500	19,500	155	1,752	11,375	(9,623)	-85%	19,500
Executive and council		14,586	19,500	19,500	155	1,752	11,375	(9,623)	-85%	19,500
Finance and administration		-	-	-	-	-	-	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		44,387	50,000	44,057	4,768	15,939	26,525	(10,586)	-40%	44,057
Planning and development		8,996	10,000	4,057	-	-	3,192	(3,192)	-100%	4,057
Road transport		35,392	40,000	40,000	4,768	15,939	23,333	(7,394)	-32%	40,000
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		67,042	179,973	185,916	438	26,613	107,626	(81,013)	-75%	185,916
Energy sources		36,862	54,026	54,026	400	9,597	31,515	(21,918)	-70%	54,026
Water management		9,645	125,947	125,947	38	12,788	73,469	(60,682)	-83%	125,947
Waste water management		20,535	-	5,943	-	4,228	2,641	1,587	60%	5,943
Waste management		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	126,016	249,473	249,473	5,361	44,304	145,526	(101,222)	-70%	249,473
Funded by:										
National Government		96,392	214,233	214,233	5,269	39,159	124,969	(85,811)	-69%	214,233
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		96,392	214,233	214,233	5,269	39,159	124,969	(85,811)	-69%	214,233
Borrowing		-	-	-	-	-	-	-	-	-
Internally generated funds		29,624	35,240	35,240	93	5,146	20,557	(15,411)	-75%	35,240
Total Capital Funding		126,016	249,473	249,473	5,361	44,304	145,526	(101,222)	-70%	249,473

NC091 Sol Plaatje - Table C6 Monthly Budget Statement - Financial Position - M07 January

Description	Ref	2022/23	Budget Year 2023/24			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash and cash equivalents		109,536	174,327	174,327	195,222	174,327
Trade and other receivables from exchange transactions		1,093,008	734,354	734,354	1,340,550	734,354
Receivables from non-exchange transactions		876,734	2,173,122	2,173,122	924,702	2,173,122
Current portion of non-current receivables		–	–	–	–	–
Inventory		82,694	27,461	27,461	97,318	27,461
VAT		142,434	362,625	362,625	140,661	362,625
Other current assets		1	126	126	62	126
Total current assets		2,304,408	3,472,014	3,472,014	2,698,515	3,472,014
Non current assets						
Investments						
Investment property		212,356	223,856	217,913	214,039	217,913
Property, plant and equipment		2,023,360	2,190,939	2,196,882	2,065,980	2,196,882
Biological assets						
Living and non-living resources						
Heritage assets		12,071	12,071	12,071	12,071	12,071
Intangible assets		17,714	3,492	3,492	17,714	3,492
Trade and other receivables from exchange transactions		–	–	–	–	–
Non-current receivables from non-exchange transactions		–	35,716	35,716	–	35,716
Other non-current assets		–	–	–	–	–
Total non current assets		2,265,500	2,466,074	2,466,074	2,309,804	2,466,074
TOTAL ASSETS		4,569,908	5,938,089	5,938,089	5,008,319	5,938,089
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Financial liabilities		–	–	–	–	–
Consumer deposits		45,776	49,391	49,391	47,242	49,391
Trade and other payables from exchange transactions		1,293,730	937,683	937,683	1,378,026	937,683
Trade and other payables from non-exchange transactions		7,233	–	–	79,518	–
Provision		–	–	–	788	–
VAT		111,227	70,327	70,327	188,262	70,327
Other current liabilities		–	94,029	94,029	–	94,029
Total current liabilities		1,457,966	1,151,431	1,151,431	1,693,835	1,151,431
Non current liabilities						
Financial liabilities		159,430	158,166	158,166	152,895	158,166
Provision		257,313	285,658	285,658	257,313	285,658
Long term portion of trade payables		–	–	–	–	–
Other non-current liabilities		–	–	–	–	–
Total non current liabilities		416,743	443,824	443,824	410,208	443,824
TOTAL LIABILITIES		1,874,708	1,595,254	1,595,254	2,104,043	1,595,254
NET ASSETS	2	2,695,200	4,342,835	4,342,835	2,904,276	4,342,835
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)		2,630,346	4,261,958	4,261,958	2,840,210	4,261,958
Reserves and funds		64,066	80,876	80,876	64,066	80,876
Other		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	2,694,412	4,342,835	4,342,835	2,904,276	4,342,835

NC091 Sol Plaatje - Table C7 Monthly Budget Statement - Cash Flow - M07 January

Description	Ref	2022/23		Budget Year 2023/24						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		453,721	543,052	543,052	32,068	316,447	316,781	(334)	0%	543,052
Service charges		1,024,096	1,354,795	1,354,795	105,530	658,494	790,297	(131,804)	-17%	1,354,795
Other revenue		724,269	79,844	79,844	49,598	396,856	46,576	350,281	752%	79,844
Transfers and Subsidies - Operational		100,622	281,921	281,921	2,147	223,731	164,454	59,277	36%	281,921
Transfers and Subsidies - Capital		113,738	214,233	214,233	1,000	81,200	124,969	(43,769)	-35%	214,233
Interest		567	-	-	552	3,039	-	3,039	#DIV/0!	-
Dividends										
Payments										
Suppliers and employees		(3,355,326)	(2,215,507)	(2,215,507)	(172,225)	(1,543,794)	(1,292,379)	251,415	-19%	(2,215,507)
Interest		(2,401)	(19,495)	(19,495)	-	2,401	(11,372)	(13,773)	121%	(19,495)
Transfers and Subsidies		-	-	-	-	-	-	-		-
NET CASH FROM/(USED) OPERATING ACTIVITIES		(940,714)	238,844	238,844	18,670	138,374	139,326	951	1%	238,844
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	-	-	-	1,059	-	1,059	#DIV/0!	-
Decrease (increase) in non-current receivables		-	35,716	35,716	-	-	20,835	(20,835)	-100%	35,716
Decrease (increase) in non-current investments										
Payments										
Capital assets		(126,016)	(249,473)	(249,473)	(5,361)	(44,304)	(145,526)	(101,222)	70%	(249,473)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(126,016)	(213,757)	(213,757)	(5,361)	(43,245)	(124,691)	(81,447)	65%	(213,757)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans										
Borrowing long term/refinancing										
Increase (decrease) in consumer deposits		-	-	-	91	1,248	-	1,248	#DIV/0!	-
Payments										
Repayment of borrowing		-	(13,351)	(13,351)	-	-	(7,788)	(7,788)	100%	(13,351)
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	(13,351)	(13,351)	91	1,248	(7,788)	(9,037)	116%	(13,351)
NET INCREASE/ (DECREASE) IN CASH HELD		(1,066,730)	11,736	11,736	13,400	96,378	6,846			11,736
Cash/cash equivalents at beginning:		197,591	198,307	198,307	190,009	109,536	198,307			109,536
Cash/cash equivalents at month/year end:		(869,139)	210,043	210,043		205,914	205,153			121,272

The BTO made a concerted effort to align the Cash and equivalents of A6 and A7 for the Original budget for 2023/24 financial year, by relooking at the mapping as advised by NT and BCX. However, there are some errors that must be resolved so that the monthly and YTD actuals populate correctly. The Cash and Cash equivalents is also slightly overstated.

As per C6, the Cash and cash equivalents is R195,222 million as per the Cash book balance.

17. Municipal Manager's quality certification

Quality Certificate

I, BS Matlala, the Municipal Manager of Sol Plaatje Local Municipality, hereby certify that
(mark as appropriate)

the Monthly Budget Statement

Quarterly Report on the implementation of the budget and financial state affairs
of the municipality

Mid-year Budget and Performance Assessment

For the month of **January 2024** has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Print name: Mr. BS Matlala

Municipal Manager of Sol Plaatje Local Municipality (NC091)

Signature: _____



Date: 15 /02/2024